

Part 2 Management and Corporate Governance

7. Securities and Shareholders information

7.1 Securities Information

The registered and issued and paid-up share capital of the Bank as of 31 December 2019 are as follows:

Registered Capital	THB 17,411,130,874.00 (Seventeen billion four hundred eleven million one hundred thirty thousand eight hundred and seventy four baht), which comprises: : 34,822,261,748 (thirty four billion eight hundred twenty two million two hundred sixty one thousand seven hundred and forty eight) ordinary shares, with a par value of THB 0.50 (fifty satang) : No preference shares
Issued and Paid-up Share Capital	THB 17,411,130,874.00 (Seventeen billion four hundred eleven million one hundred thirty thousand eight hundred and seventy four baht), comprising 34,822,261,748 (thirty four billion eight hundred twenty two million two hundred sixty one thousand seven hundred and forty eight) ordinary shares, with a par value of THB 0.50 (fifty satang) and no preference shares

7.2 Shareholder

(1) Major Shareholder of the Bank

a. Top 10 shareholders of the Bank as of 11 March 2019:

No.	Shareholder Name	Number of shares	In percentage (%)
1	CIMB Bank Berhad	33,021,971,285	94.83
2	Bank Julius Baer & Co., Ltd., Singapore	760,756,147	2.18
3	Thai NVDR Co., Ltd.	144,908,008	0.42
4	Mr. Pisit Prukpaiboon	43,026,382	0.12
5	SCB SET Banking Sector Index	40,258,608	0.12
6	Mr. Prawit Phansaichue	13,997,591	0.04
7	Mr. Somchart Namsricharoensuk	13,684,881	0.04
8	Mr. Pracha Chaisuwan	13,181,733	0.04
9	Mrs. Jaroonluk Panichsheewa	11,761,750	0.03
10	Mr. Anan Rungwittayakom	7,654,500	0.02
Other shareholders		751,060,863	2.16
Total 8,057 shareholders holding		34,822,261,748	100.00
Thai shareholders 7,989		1,011,221,732	2.90
Foreign shareholders 68		33,811,040,016	97.10
Total 8,057 shareholders		34,822,261,748	100.00

b. Major shareholders with significant influence over planning and directing the Bank's operations

Major shareholder with significant influence over planning and directing the Bank's operations is CIMB Bank Berhad. It holds 33,021,971,285 of the total issued and paid-up shares of the Bank, which is equivalent to 94.83%.

(2) Operating Business as a Holding Company

- None -

(3) Major shareholder agreements regarding share issuance or the Company management

- None -

7.3 Issuance of Other Debt Securities

Issuance of debt securities of the Bank (as of 31 December 2019)

Classified by type	Interest rate	Maturity	Collateral	Restrictions and Requirements	Value of debt securities in issue as at 31 Dec 2019	Credit ratings (Moody's / Fitch Ratings)	Bond holder representative
1. Tier 2 subordinated debt ¹	5.35% per annum	11 July 2026	None	For early redemption for each tranche of the subordinated debt where call option is applicable, the issuer may redeem and cancel the subordinated debt in whole but not in the principal amount under the subordinated debt on the call date, subject to prior approval of the Bank of Thailand and submission to the Bank of Thailand the redemption and substitution plans at least 30 days prior to the call date (including all deferred interest and accrued interest payable but excluding accrued interest receivable). The optional redemption by the issuer of the subordinated debt of one tranche does not trigger the redemption of the subordinated debt of other tranches. This is provided that 1) the redemption and substitution plans include the issuance, either immediately or before the redemption, of other financial instruments of equivalent or superior	THB 5,016.20 million (MYR 570 million)	Issue rating AA3 by RAM Rating Services Berhad	None

Classified by type	Interest rate	Maturity	Collateral	Restrictions and Requirements	Value of debt securities in issue as at 31 Dec 2019	Credit ratings (Moody's / Fitch Ratings)	Bond holder representative
				quality in substitution for the subordinated debt to be redeemed, and 2) the issuance of substitute instruments will not affect the issuer's ability to perform its business operation.			
2. Tier 2 subordinated debt ¹	5.20% per annum	29 March 2028	None	For early redemption for each tranche of the subordinated debt where call option is applicable, the issuer may redeem and cancel the subordinated debt in whole but not in the principal amount under the subordinated debt on the call date, subject to prior approval of the Bank of Thailand and submission to the Bank of Thailand the redemption and substitution plans at least 30 days prior to the call date (including all deferred interest and accrued interest payable but excluding accrued interest receivable). The optional redemption by the issuer of the subordinated debt of one tranche does not trigger the redemption of the subordinated debt of other tranches. This is provided that 1) the redemption and substitution plans include the issuance, either immediately or before the redemption, of other financial instruments of equivalent or superior quality in substitution for the subordinated debt to be redeemed, and 2) the issuance of substitute instruments will not affect the issuer's ability to perform its business operation.	THB 3,157.83 million (MYR 390 million)	Issue rating AA3 by RAM Rating Services Berhad	None
3. Tier 2	4.15% per	6 July	None	For early redemption	THB 4,088.26	Issue	None

Classified by type	Interest rate	Maturity	Collateral	Restrictions and Requirements	Value of debt securities in issue as at 31 Dec 2019	Credit ratings (Moody's / Fitch Ratings)	Bond holder representative
subordinated debt ¹	annum	2029		for each tranche of the subordinated debt where call option is applicable, the issuer may redeem and cancel the subordinated debt in whole but not in the principal amount under the subordinated debt on the call date, subject to prior approval of the Bank of Thailand and submission to the Bank of Thailand the redemption and substitution plans at least 30 days prior to the call date (including all deferred interest and accrued interest payable but excluding accrued interest receivable). The optional redemption by the issuer of the subordinated debt of one tranche does not trigger the redemption of the subordinated debt of other tranches. This is provided that 1) the redemption and substitution plans include the issuance, either immediately or before the redemption, of other financial instruments of equivalent or superior quality in substitution for the subordinated debt to be redeemed, and 2) the issuance of substitute instruments will not affect the issuer's ability to perform its business operation.	million (MYR 550 million)	rating AA3 by RAM Rating Services Berhad	

Notes: 1. Referring to a subordinated debt instrument with cash flow hedge in the amount of MYR 570 million, MYR 390 million and MYR 550 million.

7.4 Dividend Policy of CIMB Thai

The Bank's policy is to allocate dividend to shareholders at not over 40% of its net profit (after corporate income tax) of each operational year. Article 43 of the Bank's Articles of Association states: "No dividend shall be paid otherwise than out of profits. If the Company has incurred accumulated losses, no dividend may be paid. The remaining profit from paying the dividend can be allocated as

the reserve funds as the Board of Directors may think fit. The Board of Directors may pay interim dividend to shareholders from time to time as it deems that the Company has enough profit to do so, and the payment of such dividend shall be reported to the shareholders at the next meeting. The payment of dividend shall be made within the time prescribed by law and the written notice of such payment of dividend shall be sent to the shareholders and also published in a newspaper.” With respect to the Bank’s subsidiary companies, the decision to declare a dividend payment is at the discretion of the respective subsidiaries’ Boards of Directors and is dependent upon the subsidiaries’ net earnings.

8. Management Structure

A. Board of Directors

1. Non-executive director

Means a director who does not hold any position in the Bank other than a member of the Board and does not act as an executive of the Bank. A non-executive director may or may not be an independent director.

2. Executive director

Means a director who holds an executive position, or a director who is in charge of any action deemed to be taken by an executive, and shall include a director who is authorised to sign binding the Bank.

3. Director who is authorised signatory

Means one or several director(s) authorised by the Board to sign binding the Bank with the third parties.

4. Independent director

Each independent director of the Bank must have qualifications as follows:

- (a) Hold shares not exceeding 0.5% of the total number of shares with voting rights of the Bank, its parent company, subsidiary company, associated company, major shareholder or controlling person of the Bank, including shares held by related persons of such independent director;
- (b) Neither be nor have been an executive director, employee, staff, advisor who receives a salary, or controlling person of the Bank, its parent company, subsidiary company, associated company, same-level subsidiary company, major shareholder or controlling person, unless the foregoing status has ended not less than two years prior to the date of filing the application with the Office of the Securities and Exchange Commission (Office of the SEC). Such prohibited characteristic shall not include the case where the independent director used to be a government official or advisor of a government agency which is a major shareholder or controlling person of the Bank;
- (c) Not be a person related by blood or legal registration as father, mother, spouse, sibling, and child, including spouse of a child, of executive, major shareholder, controlling person, or a person nominated as an executive or controlling person of the Bank or its subsidiary company;
- (d) Neither have nor have had a business relationship with the Bank, its parent company, subsidiary company, associated company, major shareholder or controlling person of the Bank, in the manner which may interfere with his/her independent judgment, and neither be nor have been a significant shareholder or controlling person of any person having a business relationship with the Bank, its parent company, subsidiary company, associated company, major shareholder or controlling person of the Bank, unless the foregoing relationship has ended not less than two years prior to the date of filing the application with the Office of the SEC.

The term 'business relationship' shall include any normal business transaction for business operation, rent or lease of immovable property, transaction relating to assets or services, or granting or receipt of financial assistance through receiving or extending loans, guarantees, providing assets as collateral, and any other similar actions, which result in the Bank or the counterparty being subject to indebtedness to the other party in the amount of 3% or more of the net tangible assets of the Bank or THB 20 million or more, whichever is lower. The amount of such indebtedness shall be calculated by the valuation method applicable to related party transactions pursuant to the Capital Market Supervisory Board Notification regarding criteria on related party transactions mutatis mutandis. The consideration of such indebtedness shall include indebtedness incurred during the period of one year prior to the date on which the business relationship with the related person commences;

- (e) Neither be nor have been an auditor of the Bank, its parent company, subsidiary company, associated company, major shareholder or controlling person of the Bank, and not be a significant shareholder, controlling person, or partner of an audit firm which employs the auditor of the Bank, its parent company, subsidiary company, associated company, major shareholder or controlling person of the Bank, unless the foregoing relationship has ended not less than two years prior to the date of filing the application with the Office of the SEC;
- (f) Neither be nor have been a provider of any professional services including those as legal advisor or financial advisor who receives service fee exceeding THB 2 million per year from the Bank, its

- parent company, subsidiary company, associated company, major shareholder or controlling person of the Bank, and not be a significant shareholder, controlling person or partner of the provider of professional services, unless the foregoing relationship has ended not less than two years prior to the date of filing the application with the Office of the SEC;
- (g) Not be a director appointed as representative of directors of the Bank, major shareholder or shareholder who is related to the major shareholder;
 - (h) Not undertake any business in the same nature as and in material competition with the business of the Bank or its subsidiary company, or not be a significant partner in a partnership, or not be a director involved in management, employee, staff, advisor who receives regular salary or holds shares exceeding 1% of the total number of shares with voting rights of another company which undertakes business in the same nature as and in material competition with the business of the Bank or its subsidiary company;
 - (i) Have no other characteristics which disable expression of independent opinions on the Bank's business operations. Upon appointment as independent director with qualifications as stated from (a) to (i) in the first paragraph, the independent director may be assigned by the Board to take part in the business decisions of the Bank, its parent company, subsidiary company, associated company, same-level subsidiary company, major shareholder or controlling person of the Bank, on a collective decision basis;
 - (j) Have no business, participation in the business of, or benefit in relation to the Bank, or have any other features that cause inability to independently opine, decide, or vote on matters regarding business operation of the Bank;
 - (k) Neither be nor have been a non-independent director, manager, person with management power, advisor or employee of the Bank and any company in its financial business group, unless the foregoing position or status has ended not less than two years prior to the date of filing the application with the Bank of Thailand (BOT);
 - (l) Be eligible to hold the independent director position for more than nine consecutive years, in which case such period shall include the period during which he/she holds the independent director position of the companies in the financial business group of the Bank.

In case any independent director has already been in the independent director position for nine years and wishes to be re-appointed as an independent director, his/her status of director, manager, controlling person, advisor or employee of the Bank and companies in its financial business group must have ended not less than two years prior to the date of filing the application with the BOT.

For any independent director who has held the position for less than nine years, if such person's status of an independent director of the Bank and companies in its financial business group has ended less than two years, and during such period the person has not assumed any position of director, manager, controlling person, advisor or employee of the Bank and companies in its financial business group, the person may be re-appointed as an independent director, but the period during which he/she serves as an independent director must be all counted.

8.1 Board of Directors

As of 31 December 2019, the Board of Directors was composed of the following 11 directors:

Name	Positions
1. Dato' Robert Cheim Dau Meng	Chairman Member and Alternate Chairman of Nomination, Remuneration and Corporate Governance Committee
2. Mrs. Watanan Petersik	Independent Director Chairperson of Nomination, Remuneration and Corporate Governance Committee
3. Ms. Serena Tan Mei Shwen	Director Chairperson of Board Risk and Compliance Committee

4.	Mr. Chanmanu Sumawong	Independent Director Member of Audit Committee Member of Nomination, Remuneration and Corporate Governance Committee
5.	Dr. Rom Hiranpruk	Independent Director Member of Audit Committee Member and Alternate Chairman of Board Risk and Compliance Committee
6.	Encik Omar Siddiq Bin Amin Noer Rashid ^{1/}	Director Member of Board Risk and Compliance Committee
7.	Encik Shahnaz Farouque Bin Jammal Ahmad ^{2/}	Director Member of Board Risk and Compliance Committee
8.	Mr. Natasak Rodjanapiches ^{3/}	Independent Director Member of Board Risk and Compliance Committee
9.	Mr. Niti Jungnitnirundr ^{4/}	Independent Director Member of Audit Committee
10.	Mrs. Oranuch Apisaksirikul ^{5/}	Independent Director Chairperson of Audit Committee
11.	Mr. Adisorn Sermchaiwong ^{6/}	Director President and Chief Executive Officer

Remarks

^{1/} The Board of Directors' meeting (special) no. 2/2019, held on 16 January 2019, resolved to appoint Encik Omar Siddiq Bin Amin Noer Rashid as Director replacing Datuk Joseph Dominic Silva who resigned, and as Acting President and CEO, effective on 30 January 2019.

^{2/} The Board of Directors' meeting no. 1/2019, held on 16 January 2019, resolved to appoint Encik Shahnaz Farouque Bin Jammal Ahmad as Director replacing Dato' Lee Kok Kwan who resigned, effective on 21 February 2019.

^{3/} The Annual General Meeting of Shareholders no. 25, held on 18 April 2019, resolved to appoint Mr. Natasak Rodjanapiches as Independent Director replacing Mr. Maris Samaram who retired by rotation, effective on 18 April 2019.

^{4/} The Annual General Meeting of Shareholders no. 25, held on 18 April 2019, resolved to appoint Mr. Niti Jungnitnirundr as Independent Director replacing Mr. Chitrapongse Kwangsukstith who resigned, effective on 18 April 2019.

^{5/} The Board of Directors' meeting no. 5/2019, held on 23 May 2019, resolved to appoint Mrs. Oranuch Apisaksirikul as Independent Director replacing Mr. Chakramon Phasukavanich who resigned, effective on 26 June 2019.

^{6/} The Board of Directors' meeting no. 4/2019, held on 18 April 2019, resolved to appoint Mr. Adisorn Sermchaiwong, Senior Executive Vice President and Head of Consumer Banking in charge of Fast Forward programme, as Acting President and CEO (excluding directorship) replacing Encik Omar Siddiq Bin Amin Noer Rashid, effective on 1 May 2019.

The Board of Directors' meeting no. 5/2019, held on 23 May 2019, resolved to extend the term of Mr. Adisorn Sermchaiwong as Acting President and CEO (excluding directorship), effective on 1 June 2019.

The Board of Directors' meeting no. 8/2019, held on 28 August 2019, resolved to appoint Mr. Adisorn Sermchaiwong, as President and CEO (excluding directorship) replacing Mr. Kittiphun Anutarasoti who resigned, effective on 19 October 2019.

The Board of Directors' meeting no. 10/2019, held on 10 October 2019, resolved to appoint Mr. Adisorn Sermchaiwong, as Director replacing Mr. Kittiphun Anutarasoti who resigned, effective on 4 December 2019.

Directors Nominated by Major Shareholder

CIMB Bank Berhad (CIMB Bank) has appointed three representatives to the Board of the Bank, namely Ms. Serena Tan Mei Shwen, Encik Omar Siddiq Bin Amin Noer Rashid and Encik Shahnaz Farouque Bin Jammal Ammal Ahmad.

Authorised Signatories

The directors who are authorised signatories of the Bank are Encik Omar Siddiq Bin Amin Noer Rashid, Encik Shahnaz Farouque Bin Jammal Ahmad and Mr. Adisorn Sermchaiwong, any two of whom are to jointly sign with the Bank seal affixed.

Powers of the Board of Directors

1. Appoint and remove regular and temporary employees, determine bonus payment, gratuity and severance pay to regular or temporary employees or any person doing business for the Bank, and declare dividend payment to shareholders.
2. Establish Board committees as deemed necessary and appropriate to assist the Board in overseeing the Bank's business affairs, and determine remuneration for committee members as appropriate.
3. Appoint any person as an advisor to the Board to give advice and opinion on the Bank's business affairs, and determine remuneration as appropriate.
4. Delegate authority to any one or more director(s) or other person(s) to perform any duty on behalf of the Board.
5. At the Board meeting, each director shall have one vote. Director with beneficial interests in any matter shall not be entitled to vote on that matter. In the event of a vote tie, the Chairman of the meeting shall have the casting vote.

Duties and Responsibilities of Board of Directors

Basic responsibility of the Board is to exercise judgment on the business operations in a manner that is reasonably believed to be in the best interests of the Bank and in compliance with the applicable laws and regulatory rules, the Bank's Articles of Association, and resolutions of the shareholders' meetings, as detailed below:

1. Ensure that all directors and executives perform their duties responsibly and cautiously (duty of care) with loyalty to the Bank (duty of loyalty), and oversee that the Bank's business is operated as prescribed by laws and in accordance with the objectives and Articles of Association of the Bank as well as the resolutions of the shareholders' meeting.
2. Ensure that the Bank has put in place its policies and procedures as well as approval processes for important operations (e.g. investment, transactions with material impact on business, related party transactions, acquisition/disposal of assets, dividend payment, etc.) as prescribed by law.
3. Determine the Bank's business operation policies, strategies and objectives, consider and approve its business policies and direction, as well as controlling and monitoring the management's discharge of functions to ensure that it is in line with the policies set forth and in an efficient and effective manner in order to enhance financial value to the Bank, customers, stakeholders, and the society as a whole, with sustainable business operation taken into account.
4. Nominate qualified individuals for the shareholders' consideration and election as directors, and support the shareholders' exercise of rights with channels available for them to nominate candidates to stand for election as directors.
5. Nominate qualified individuals with professional expertise and experience for appointment as senior executives.
6. Approve business budgets based on joint consideration with the management.

7. Delegate authority to executives to carry out tasks to meet the targets, except for the case of significant issues with drastic impacts and those not in normal course of business of the Bank, such as investment in other businesses, making sizable transactions, etc., or the issues with conflict of interests of the executives, where the Board shall handle in order to relieve managerial risks, or make recommendation to the shareholders' meeting if shareholders' approval is required pursuant to the regulatory criteria.
8. Determine the issues to be brought by the management to the attention of the Board.
9. Establish measures for the management to take in order to meet the targets and plans set out, and ensure that the management communicates the policies, targets and plans to staff at all levels across the organisation.
10. Supervise and monitor the management's business administration to ensure the Bank's operations comply with the laws and provisions in the relevant agreements.
11. Supervise to ensure that the Bank and its subsidiaries in the financial business group have in place risk factors determination, risk assessment, risk management measures, risk monitoring and examination, and review of risk management system on a regular basis, including the building of risk culture within the organisation as well as having the remuneration structure that is effective and promotes risk culture.

Duties and responsibilities of Board of Directors relating to the risk governance framework:

12. Formulate or approve the overall risk management policies and strategies, transaction making or new product launch policy, and risk appetite that is in line with risk profile and business models of the Bank and its subsidiaries in financial business group.
13. Oversee to ensure that the Bank and its subsidiaries have in place risk taking policies and processes, including internal pricing process (if any) that is in accordance with the overall risk management policies and strategies as well as risk appetite.
14. Assign and oversee to ensure that senior executives set the risk limits in accordance with the risk appetite, and communicate with persons concerned to ensure their acknowledgment and understanding on a regular basis.
15. Assign and oversee to ensure that senior executives formulate detailed policies, processes, and systems for managing overall risks and each type of risks, as well as frameworks or procedures for identifying, assessing, monitoring, controlling and reporting risks.
16. Approve an organisational structure that facilitates the monitoring, oversight, control and examination to ensure that the Bank's operations comply with the risk management policies, strategies, processes and procedures in place.
17. Oversee to ensure that there is development of risk culture.
18. Review and verify the adequacy and effectiveness of the policies and strategies on overall risk management and risk appetite at least once a year or promptly upon any significant changes.
19. Monitor the overall risk exposure and that of each type of risks.
20. Oversee to ensure that the Bank and its subsidiaries hold stable and sufficient capital and liquidity to support both current and future business operations.

21. Ensure the Bank has in place and maintains adequate, appropriate and effective internal control and audit system for the benefits of the Bank, determine clear guidelines to prevent and eliminate conflict of interests, formulate policy and procedure to control and prevent abuse of the Bank's inside information for own benefits, and assess as well as review adequacy of internal control system at every year-end.
22. Oversee that the Bank discloses important good governance data at the shareholders' meeting and to the public to promote and demonstrate the Bank's commitment to good governance.
23. Coordinate and maintain good balance among the diverse groups of stakeholders and the Bank through fair treatment of all parties.
24. Be accountable for the Bank's financial statements and disclosure thereof, and ensure there is monitoring of the management's operations by the Board and that of the Bank in overall by the shareholders.
25. Ensure there is operational reporting system to track whether the actual operations are on track compared with the targets and identify problems and obstacles so that the Board can monitor and improve or revise the action plans and strategies as deemed appropriate.
26. Prepare report of the responsibility of the Board of Directors for disclosure in the annual report alongside the auditor's report, covering important points as per the code of conduct for Board members to ensure that the Bank's financial report is accurate, complete, and reliable.
27. Oversee to ensure that senior executives of the Bank and the subsidiaries in its financial business group implement the targets, policies and strategies organisation-wide, as well as set out processes and operating systems, and make the relevant arrangements so that the Bank and the companies in its financial business group reach the targets according to the policies and strategies specified or approved by its Board of Directors.
28. Oversee to ensure that the Bank and the subsidiaries in its financial business group prepare the complete minutes of the respective Boards of Directors' meetings, where the contents are complete with recording of individual directors' comments on important agenda/issues for consideration.
29. Oversee to ensure that senior executives have skills needed for performing functions of the Bank and the subsidiaries in its financial business group, including the appointment of qualified persons as authorised managerial personnel, and that there is a succession plan for senior executives to ensure that the Bank and the subsidiaries in its financial business group can operate their business on an ongoing basis.
30. Set guidelines for evaluation of executives' performance to support annual consideration and adjustment of wages and annual bonuses taking into account duties and responsibilities and associated risks, as well as enhancement of shareholder value in the long run.
31. Consider structure and criteria of bonus, gratuity and severance pay to employees, contract employees or any person doing business for the Bank, whether regularly or temporarily, as proposed by the management.
32. Appoint any person as advisor to the Board or request any professional opinion from an external advisor to assist in and advise on the Bank's operations at the Bank's own expense, and determine remuneration and bonuses as deemed appropriate.

33. Appoint a number of Board members to sit on other committees or subcommittees to take charge of one or several activities, determine remuneration and bonuses for them as deemed appropriate, and render support to them with delegation of authority so that they can fully function and engage consultants/advisors with specialised expertise to give additional opinions at the Bank's own expense, as well as make available full-time staff to follow up, seek information and coordinate in support of the operations of the committees/subcommittees.
34. Oversee to ensure that there is the appropriate balance of power among the Bank's Board members by placing importance on the component or number of independent directors and the effective balance of power among the Board members.
35. Ensure the Bank's complete, adequate, reliable and timely disclosure of information.
36. Revise the segregation of duties among the Board of Directors, President and Chief Executive Officer, and the management on a regular basis to be consistent with the organisation's direction.
37. Take into consideration the business operation impact on the society and the environment besides financial profits.
38. Put in place policies as written operation principles and guidelines for directors, executives and staff members, i.e. Corporate Governance Policy and Code of Ethics and Conduct, which define roles and responsibilities of the Board of Directors so that they can use as reference, ensure that there is enough communication for directors, executives and employees' understanding, with enough mechanism that enables their compliance with such policies, and monitor compliance results as well as review the policies and actual operation on a regular basis.
39. Supervise and monitor objective, target and strategy of each business function to be in line with main targets and objectives of the business, with adoption of new innovations and technologies to enhance the Bank's competitiveness and respond to the needs of stakeholders in a safe and appropriate manner and with social and environmental responsibility.
40. Ensure that there is data security system, and put in place policies and procedures regarding confidentiality, integrity and availability of information, and management of market sensitive information.
41. Ensure that management has efficiently and effectively managed and allocated resources, taking into consideration impacts and development of resources to enable the Bank to achieve its main targets and objectives.
42. Establish an IT governance and management framework at organisational level that is aligned with the business needs and priorities, and ensure use of IT to maximise business opportunities, develop operational performance, and strengthen risk management in support of the business objectives.
43. Oversee to ensure that the Bank and the subsidiaries in its financial business group have in place the market conduct practice according to the BOT's Notification Re: Market Conduct Guidelines.
44. Oversee to ensure that the Bank and the subsidiaries in its financial business group have in place the efficient Whistleblowing Policy and Procedure.

45. Oversee to ensure that there is annual assessment of the performance of the Bank's Board of Directors and individual directors in the forms of (1) self-evaluation and (2) cross-evaluation or third party evaluation and assessment of the performance of the Bank's senior executives, and that the directors have continuously undergone skill enhancement and training courses needed for their performance of duties.

The Board shall, under no undue influence, make independent decisions or objections in case of disagreement or conflict of interests, give approval of business matters, or put forward recommendations to the shareholders' meeting for approval as appropriate, based on the following principles:

Sufficiency:

1. To act in the best interests of the Bank;
2. To exercise sound and prudent judgment; and
3. To decide dispassionately without consideration of personal gains.

Prudence:

1. To act with due care taking all steps in the manner a director should take under similar circumstance;
2. To make informed decisions; and
3. To act with reasonable grounds that information is reliable and correct.

Integrity:

1. To act in good faith;
2. To make decisions free of possible or appearance of conflict of interest; and
3. To make no use of the Bank's information and opportunities for personal or other persons' gains.

Selection, Appointment and Removal of Directors

The Board of Directors shall be elected by the shareholders. The Bank has put in place director nomination procedures that are transparent and open for inspection. The Board shall accordingly appoint Nomination, Remuneration and Corporate Governance Committee to take charge of selecting and nominating qualified candidates who have no prohibited characteristics according to the law for appointment as directors by recommending them through the Board before submitting to the meeting of the shareholders for approval and appointment. This process shall comply with the rules and procedures on appointment and removal of directors as specified in the Bank's Articles of Association as follows:

1. According to the shareholders' resolution, the Board of Directors shall comprise no fewer than five and no more than twelve members, with at least half the board members having domicile in Thailand.
2. Article 16 of the Bank's Articles of Association provides for the following voting procedure:
 - (1) Each shareholder shall have the number of votes equal to the number of shares held. One share is entitled to one vote;
 - (2) Votes shall be cast for either an individual or several directors in the number required to be elected at the respective meeting and as deemed appropriate by the meeting. In the election of either an individual or several directors, each elected person shall receive votes from each shareholder in the full amount of shares held by that shareholder pursuant to (1). The shareholder shall not allot his/her votes to any person in any number; and
 - (3) After the voting, the candidates shall be ranked in order descending from the highest number of votes received to the lowest, and shall be appointed as directors in that order in the number required in the election. Where the votes cast for candidates in the descending order are tied, and would otherwise cause the number of directors to exceed the number required to be elected at the respective meeting, the remaining appointments shall be made by drawing lots in the procedure to be determined by the Chairman of the meeting.
3. At every annual general meeting, one-third of the directors shall retire. In any subsequent years, the directors who have been in office the longest shall retire. The retiring directors may be re-elected for another term.

4. Whenever any person vacates his/her seat as a Board member for any reason other than expiry of term of office, the remaining members shall at the next Board meeting appoint another qualified and suitable director to fill that position for the remainder of the term of office of his/her predecessor except in the event that the vacant position has fewer than two months left in the term. The motion shall require the majority consent of at least three-fourths of the remaining members of the Board.

In addition, pursuant to the Financial Institution Business Act B.E. 2551 (2008), the BOT is empowered to issue an order requiring a commercial bank to remove from office any director or any person in charge of business operation that has caused serious harm to the society at large, or has failed to comply with the directives prescribed by the BOT. In this respect, the Bank is obliged to select a suitable replacement subject to approval by the BOT. The decision taken by the BOT to appoint or remove any director is conclusive.

Meeting Attendance of Directors

In 2019, meeting attendance of Board members and Board committee members was as follows:

Unit: Attendance

No	Director Name (number of meetings attended/total meetings)	(1) Board of Directors	(2) Audit Committee	(3) Nomination, Remuneration and Corporate Governance Committee	(4) Board Risk and Compliance Committee
1.	Dato' Robert Cheim Dau Meng	12/12	-	12/12	-
	Mr. Chakramon Phasukavanich (resignation effective on 23 May 2019)	4/4	-	-	-
2.	Mrs. Watanan Petersik	11/12	-	12/12	-
3.	Ms. Serena Tan Mei Shwen	12/12	-	-	10/12
4.	Dr. Rom Hiranpruk	11/12	12/12	-	9/10
5.	Mr. Niti Jungnitnirundr	8/8	9/9	-	-
	Mr. Chitrapongse Kwangsukstith (resignation effective on 22 February 2019)	1/1	-	-	1/1
6	Mr. Natasak Rodjanapiches	7/8	-	-	3/4
	Mr. Maris Samaram (resignation effective on 18 April 2019)	4/4	4/4	-	-
7.	Mr. Chanmanu Sumawong	10/12	11/12	12/12	-
8.	Encik Omar Siddiq Bin Amin Noer Rashid	11/12	-	-	8/10
	Datuk Joseph Dominic Silva (resignation effective on 16 January 2019)	1/1	-	1/1	-

No	Director Name (number of meetings attended/total meetings)	(1) Board of Directors	(2) Audit Committee	(3) Nomination, Remuneration and Corporate Governance Committee	(4) Board Risk and Compliance Committee
9.	Encik Shahnaz Farouque Bin Jammal Ahmad	9/12	-	-	8/10
	Dato' Lee Kok Kwan (resignation effective on 15 January 2019)	-	-	-	1/1
10.	Mrs. Oranuch Apisaksirikul	7/7	5/5	-	-
11.	Mr. Adisorn Sermchaiwong	1/1	-	-	7/8
	Mr. Kittiphun Anutarasoti (resigned, effective on 18 October 2019)	1/1	-	-	1/1

8.2 Executive Management

As of 31 December 2019, the Bank's executive management is composed of:

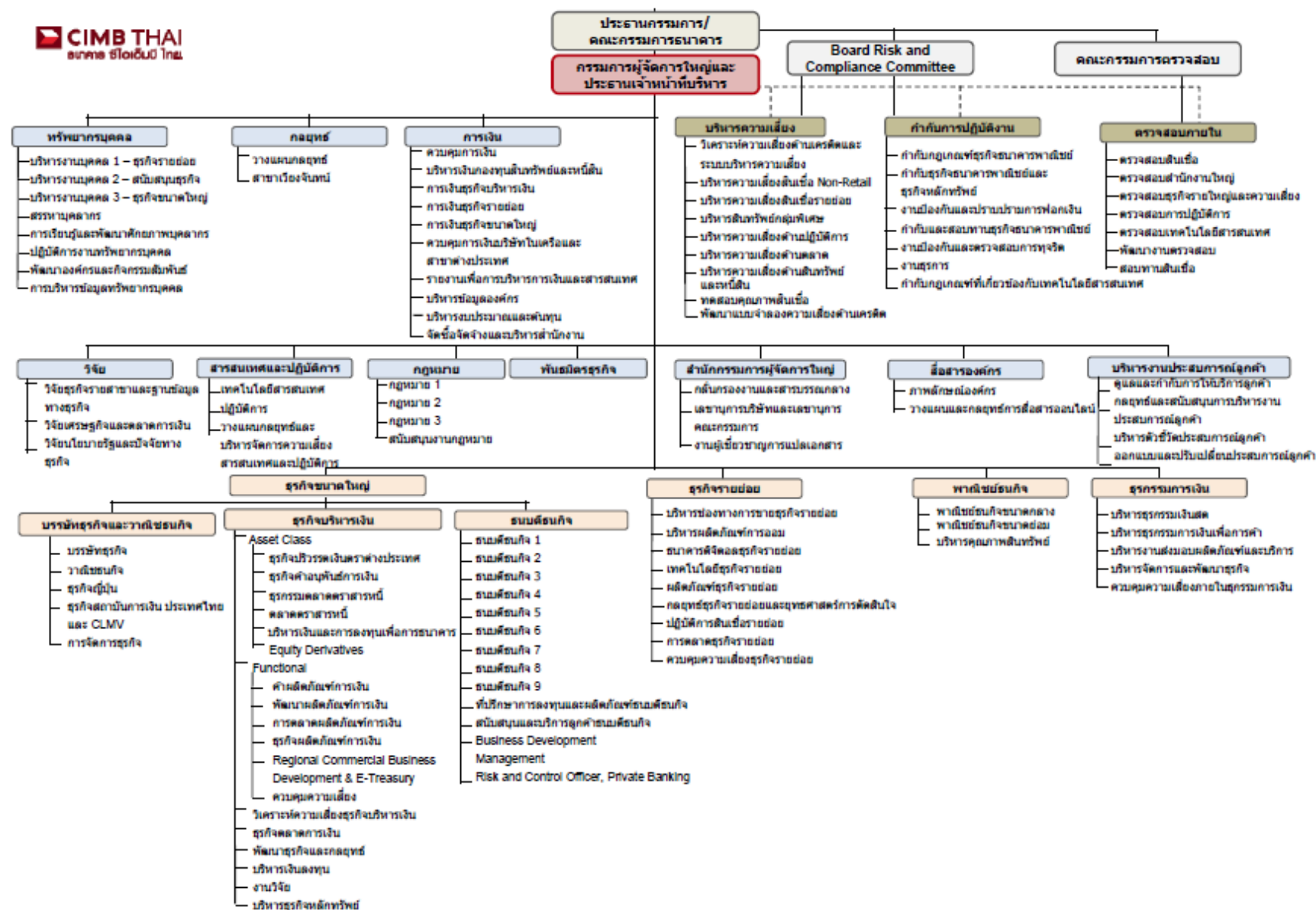
- | | | |
|-----|-----------------------------|--|
| 1. | Mr. Adisorn Sermchaiwong | President and Chief Executive Officer |
| 2. | Mr. Sutee Losoponkul | Co-Head Wholesale Banking and Head of Treasury |
| 3. | Mr. Arthit Masathirakul | Head of Risk Management |
| 4. | Mr. Pornchai Padmindra | Co-Head Wholesale Banking and Head of Corporate Banking and Investment Banking |
| 5. | Mrs. Bussakorn Puttinan | Head of Information and Operations |
| 6. | Ms. Siriporn Sanunpairaue | Head of Corporate Assurance |
| 7. | Mrs. Kanokpai Vongsatitporn | Head of Human Resources |
| 8. | Mr. Jason Leong Kok Yew | Head of Finance |
| 9. | Mr. Prapas Thongsuk | Head of Corporate Communications |
| 10. | Mr. Zethjak Leeyakars | Head of Compliance |
| 11. | Mr. Tan Keat Jin | Deputy Head of Consumer Banking |
| 12. | Mr. Yeong Thian Lim | Head of Strategy |
| 13. | Mr. Paisan Thumponthong | Head of Transaction Banking |
| 14. | Mr. Jittiwat Kantamala | Head of Private Banking |
| 15. | Ms. Uthaiwan Sukphanpim | Head of Customer Experience Management |
| 16. | Ms. Pajaree Thongvanit | Head of Corporate Legal |

As of 31 December 2019, CIMB Thai had 14 executives from Senior Executive Vice President upward and executives in Accounting and Finance in accordance with the definition of the term 'executives' of the Office of the SEC as below:

- | | | |
|----|--------------------------|--|
| 1. | Mr. Adisorn Sermchaiwong | President and Chief Executive Officer |
| 2. | Mr. Sutee Losoponkul | Co-Head Wholesale Banking and Head of Treasury & Markets |
| 3. | Mr. Arthit Masathirakul | Head of Risk Management |
| 4. | Mr. Pornchai Padmindra | Co-Head Wholesale Banking and Head of Corporate Banking and Investment Banking |

5.	Mrs. Bussakorn Puttinan	Head of Information and Operations
6.	Ms. Siriporn Sanunpairaue	Head of Corporate Assurance
7.	Mrs. Kanokpai Vongsatitporn	Head of Human Resources
8.	Mr. Jason Leong Kok Yew	Head of Finance
9.	Mr. Prapas Thongsuk	Head of Corporate Communications
10.	Mr. Zethjak Leeyakars	Head of Compliance
11.	Mr. Tan Keat Jin	Deputy Head of Consumer Banking
12.	Mr. Pao Chatakanonta	Deputy Head of Treasurer
13.	Mr. Lim Yeong Thian	Head of Strategy
14.	Ms. Waewalai Wattana	Head of Financial Control

Management Structure (as at 31 December 2019)



8.3 Company Secretary

The Bank has appointed Mrs. Patima Jumpasut as Company Secretary and Secretary to the Board of Directors to assist the Board in fulfilling its tasks. Her duties include providing legal advice and ensuring Board activities comply with applicable laws and regulations and in line with corporate governance principles, as follows:

- Give preliminary advice and suggestions to Board members on legal issues, and rules, regulations and practices of the Bank to ensure performance under good corporate governance principles.
- Make arrangements for holding of Board meeting and shareholders' meeting in line with the law and Articles of Association of the Bank, and take minutes of such meetings, as well as follow up the execution in accordance with the resolutions passed at such meetings.
- Prepare and maintain directors' register, invitation letters and minutes of Board meetings, invitation letters and minutes of shareholders' meetings, and annual reports.
- Prepare documents and information that will benefit performance of duties of new directors, and brief them about the Bank's nature of business and business framework.
- Make available training courses and seminars to enhance directors' knowledge and develop their skills and experience that will benefit the directors' performance of duties.
- Ensure the disclosure of information and information memorandum on the part under responsibility to the supervisory bodies under the relevant rules and regulations.
- Contact and communicate with shareholders in general to ensure they are aware of their rights and have access to the news and information of the Bank.
- Undertake other tasks as announced/prescribed by the Capital Market Supervisory Board.
- Undergo ongoing knowledge and skills training and development in the areas of law, accounting, or performance of duties of company secretary.

Profile of the Company Secretary is shown in attachment 1

8.4 Director and Management Remuneration as of 31 December 2018

(1) Monetary remuneration

Remuneration for Board members

This report describes the current components of the Bank's remuneration policy and details of the remuneration for each director and executive. In 2019, the aggregate remuneration comprising meeting and entertainment allowances for Board members and remuneration for Board committee members amounted to THB 11,267,000 (compared with THB 12,891,200 in 2018), as described below:

1. Board of Directors	THB	6,364,000	(2018: THB 8,012,200)
2. Audit Committee	THB	2,104,400	(2018: THB 1,884,800)
3. Nomination, Remuneration and Corporate Governance Committee	THB	1,602,000	(2018: THB 1,494,400)
4. Board Risk and Compliance Committee	THB	1,196,600	(2018: THB 1,499,800)

Unit: THB

Name		Positions	Monetary Remuneration			
			Board and Board Committee Members			
			Board of Directors	Audit Committee	Nomination, Remuneration and Corporate Governance Committee	Board Risk and Compliance Committee
1.	Dato' Robert Cheim Dau Meng	Chairman	1,952,000	-	480,000	-
2.	Mr. Chakramon Phasukavanich (resigned, effective on 23 May 2019)	-	800,000	-	-	-
3.	Mrs. Watanan Petersik	Independent Director	508,000	-	624,000	-
4.	Ms. Serena Tan Mei Shwen	Director	508,000	-	-	558,600
5.	Dr. Rom Hiranpruk	Independent Director	508,000	480,000	-	382,000
6.	Mr. Niti Jungnitnirundr	Independent Director	352,000	338,000	-	-
7.	Mr. Chitrapongse Kwangsukstith (resigned, effective on 22 February 2019)	Director	68,000	-	-	62,000
8.	Mr. Natasak Rodjanapiches	Independent Director	332,000	-	-	142,000
9.	Mr. Maris Samaram (declared intention not to be re-elected as the director, effective on 18 April 2019)	-	176,000	288,000	-	-
10.	Mr. Chanmanu Sumawong	Independent Director	528,000	462,000	458,000	-
11.	Encik Omar Siddiq Bin Amin Noer Rashid	Director	-	-	-	-
12.	Datuk Joseph Dominic Silva (resigned, effective on 16 January 2019)	-	44,000	-	40,000	-
13.	Encik Shahnaz Farouque Bin Jammal Ahmad	Director	-	-	-	-

Name		Positions	Monetary Remuneration			
			Board and Board Committee Members			
			Board of Directors	Audit Committee	Nomination, Remuneration and Corporate Governance Committee	Board Risk and Compliance Committee
14	Mr. Lee Kok Kwan (resigned, effective on 15 January 2019)	Director	44,000	-	-	52,000
15	Mrs. Oranuch Apisaksirikul	Independent Director	308,000	536,400	-	-
16.	Mr. Adisorn Sermchaiwong	Director	-	-	-	-
17.	Mr. Kittiphun Anutarasoti (resigned, effective on 18 October 2019)	-	236,000	-	-	-
Total			6,364,000	2,104,400	1,602,000	1,196,600

b. Remuneration for senior executives

The Board is responsible for determining the procedures for evaluating the performance of senior executives for adjustment of salaries and bonuses based on their responsibilities and associated risks, and how their personal contributions help deliver sustainable shareholder value. The Board is also responsible for determining the appropriate remuneration packages for the Bank's staff and employee or any other person having done business for the Bank, in which case the management will consider an appropriate payment structure and criteria. The payments may be made to those who work either regularly or non-regularly, as recommended by the management. In 2019, the aggregate remuneration for 14 Senior Executive Vice Presidents and above and the executives in the Finance and Accounting function in accordance with the definition of the term 'executives' of the Office of the SEC was THB 111.37 million. In addition, the aggregate remuneration for 50 Executive Vice Presidents and above in accordance with the BOT's definition of the term 'executives' was THB 298.10 million.

(2) Other benefits

In 2019, the Bank's contribution towards the provident fund for 14 Senior Executive Vice Presidents and above and the executives in the Finance and Accounting function in accordance with the definition of the term 'executives' of the Office of the SEC was THB 4.40 million. Meanwhile, its contribution towards the provident fund for 50 Executive Vice Presidents and above in accordance with the BOT's definition of the term 'executives' was THB 13.10 million.

8.5 Organisation and Personnel

As of 31 December 2019, the Bank had a total of 2,959 employees, of whom 704 work at branches and 2,255 at the head office, as below:

	No. of employees
1. President and Chief Executive Officer	1
2. Wholesale Banking	
2.1 Corporate Banking and Investment Banking	111
2.2 Treasury & Markets	87
2.3 Private Banking	34
3. Consumer Banking	1,44
4. Commercial Banking	182
5. Transaction Banking	44
6. Risk Management	88
7. Finance	143
8. Technology and Operations	581
9. Legal	15
10. Strategy	18
11. Human Resources	62
12. Office of the President (including Secretary to President and Chief Executive Officer)	12
13. Research	9
14. Corporate Communications	23
15. Corporate Assurance	53
16. Compliance	45
17. Customer Experience Management	10
<u>Total</u>	<u>2,959</u>

Staff Development Policy and Human Resource Management Plan

The Bank is committed to consistently developing people capabilities at all levels with focus on intensive career development and succession planning to enhance staff's knowledge, skills and competencies. The training roadmap has consistently been designed and developed, identifying the required skill set for each job role to support staff's career advancement. With realisation of the rapid business changes in the digital disruption environment, 3D Academy (Digital, Data, Design) has been launched to equip staff with new skill sets. This will enable the Bank to align people development with future business strategies and goals. In addition, the Bank has continued to develop integrated learning approaches through various programmes which include mentoring and coaching, peer to peer learning and learning on mobile (e-learning modules), etc. to promote learning anytime and anywhere outside the classroom

Employee Benefits

The Bank has provided employee benefits such as provident fund, social security fund, life insurance, medical treatment, annual health check-up, staff clinic, housing loan, car/motorcycle loan, staff education loan and general purpose loan, that are competitive against other leading banks to attract

and retain talented and competent staff. The total fixed salary paid to Bank employees in the fiscal year was THB 2,643.77 million. To be an employer of choice, the Bank will continue to improve its employee benefits to attract and retain quality staff.

Training Courses and Human Resources Development

In 2019, the Bank organised a total of 479 training courses for employees, consisting of 270 in-house training courses and 209 external training courses. These courses were participated by a total of 2,905 employees, or 98% of the total workforce, equivalent to an average training of 5 days per person per year. The total cost of employee development was THB 21.4 million (Data as of 31 December 2019). The Bank has focused on providing its staff with necessary digital knowledge and skill sets through the 3D Academy (Digital, Data, Design) with such courses as Future Data Scientist Programme, Design Thinking Experience Workshop, etc. In addition, an internal training course like CIMB BEATS has been developed to boost staff's capabilities in enhancing customer experience. The Bank has also encouraged staff to consistently develop professional skills and competencies by attending such courses as Professional Investment Planner, Life and Non-Life Insurance License, etc.

Staff Health and Safety Information

Leave of staff classified by type	2019 %	2018 %
Sick leave	24.60	18.50
Work related injury and sickness	0.0	0.0
Others	75.40	81.50
No. of average sick leave days (days/person)	2.80	2.93
Work related accident death (persons)	0	0

Work Environment

The Bank is concerned about the quality of life and health of its staff. It has accordingly instituted the Occupational Safety, Health, and Working Environment Policy and Procedure in compliance with the law, and an Occupational Safety, Health and Working Environment Committee has been established with the following objectives:

1. To carry out tasks relating to occupational safety, health and working environment of the Bank staff in an efficient and consistent manner and in accordance with the standards of the occupational safety, health and working environment management systems in place.
2. To comply with Labour Ministerial Regulation on Prescribing Standard for Administration and Management of Occupational Safety, Health and Environment in the Workplace (No. 2), B.E. 2553 (2010) published in the Royal Gazette dated 9 July 2010.
3. To serve as guidelines for preparation and maintenance of occupational safety, health and working environment management systems, as well as minimisation of potential risks of hazards and accidents to staff and parties concerned.

Maintaining occupational safety and hygiene in the workplace

The Bank has regularly and efficiently followed up, improved and taken care of work environment covering building premises and the surroundings to ensure workplace safety and hygiene for staff and parties concerned as follows:

- **Measure quality of air circulating in buildings:** At least once a year to ensure the work environment and the air circulating in the buildings is non-polluted and appropriate in line with the standards set by law.
- **Measure quality of drinking water in buildings:** At least four times a year so that staff and customers have confidence in the cleanliness and safety of the drinking water in line with the standards of the Department of Health.
- **Inspect fire prevention and extinguishing systems in buildings:** To ensure the Bank's fire prevention and extinguishing systems are ready-for-use at all times and meet the standards set by law, the Bank has had the fire prevention and extinguishing systems and devices inspected regularly and a rescue practice carried out on a monthly basis to get prepared for dealing with a fire outbreak in the buildings, as well as a fire evacuation drill conducted annually as prescribed by law.
- **Allocate space in head office building for parking of bicycles:** To promote staff's awareness of good health and energy saving with less use of fuel oil, the Bank has

arranged space for parking of bicycles to provide convenience for staff, customers and outside parties contacting the Bank.

- **Hold a training course on “Basic Fire Extinguishing Practice for Staff”**: To enable staff to learn how to put out fire, in both theory and practice, so that they get used to using the firefighting equipment and evacuation of people from buildings in the right way.
- **Hold a training course on “Basic First Aid”**: To enable staff to learn the basic first-aid skills.

Environmental and Energy Management

The Bank has instituted and adopted the Energy Conservation Policy to be compliant with the Energy Ministerial Regulation on the Standards, Criteria and Procedures regarding Energy Management pursuant to the Energy Conservation Promotion Act. It has installed energy saving devices in parallel to application of energy management measures. All employees are also duty-bound to give cooperation in energy conservation on a consistent and sustainable basis. Initiatives and activities undertaken comprised:

- **Installation of solar cell panels** on the roof-deck of the head office building, electricity generated from which is used for lighting in the Bank’s office building and parking premises.
- **Replacement of T5 light tubes with LED tubes** in the office buildings to reduce energy consumption.
- **Installation of air-conditioning wind speed control equipment** to control the air speed to be fit for the temperature in each section of the office buildings with a view to enhancing functioning efficiency of the air-conditioning system and lowering energy consumption.
- **Replacement of the existing chiller system** which was old and high energy-consuming with the new one.
- **Management of electricity consumption by period** with avoidance of electricity use during the on-peak period of 09.00-22.00 hrs., and use of electricity during the off-peak period of 22.01-08.59 hrs., for the water pumps in the head office building.
- **Launch of CIMBTHAI GO GREEN programme** to reduce, reuse and recycle plastic bags, disposable plastic containers, and foam food containers, with an activity held to lend cloth bags and ceramic mugs for mutual use by employees and employees encouraged to buy foods and drinks using their own containers and getting special prices. This aims to raise their awareness of impacts from plastic wastes.
- **Change of type of fuel oil for company cars** from gasohol 91 to gasohol E20 and E85 as a way to promote use of domestic agricultural produce as an alternative energy resource and also help reduce air pollution.

Policy on Remuneration for Directors, Executives and Staff

The Board has assigned the Nomination, Remuneration and Corporate Governance Committee to consider and determine the criteria for payment of remuneration and other benefits to the directors at appropriate rates commensurate with the scope of duties and responsibilities assigned and in line with or on a par with those paid by other banks of similar ranks. The remuneration shall also be in line with the Bank’s long-term strategy and target, experience, duties, accountability and responsibility and benefits the Bank expects to receive from each director. Any director with additional assignment of duties and responsibilities, i.e. having been appointed as a member of a Board committee, should receive an appropriate rate of increase in the remuneration. The shareholders are to approve remuneration structure and rate for Board and Board Committee members, in both monetary and non-monetary forms. The Nomination, Remuneration and Corporate Governance Committee is in charge of determining payment of remuneration of each form as deemed appropriate.

Remuneration Policy for the Bank’s Executives and Staff

The Remuneration Policy is applicable to all employees. It is formulated to ensure the Bank will be able to attract talents as well as retain and motivate high-performers to work for the Bank for sustainable success of the organisation under transparent principles and based on scopes of responsibilities of the job positions and competitive edge of the Bank relative to other financial institutions and leading companies in Thailand.

Composition of remuneration

The Bank has defined remuneration for all employees, comprising monetary remuneration, such as monthly salary, living allowance, overtime pay and holiday pay, and other remuneration in terms of benefits regarding medical treatment, health check-up, life insurance and accident insurance, provident fund, and welfare loans that are applicable at present and to be amended and announced afterward.

Remuneration for executives

The Nomination, Remuneration and Corporate Governance Committee is responsible for establishing the Remuneration Policy regarding payment and amount of remuneration and other benefits for executives from the corporate title of Executive Vice President (U2) and above, including the President and Chief Executive Officer, before proposal for the Board of Directors' approval. The said payment will be linked to short- and long-term operational performance of the Bank and the work performance of the respective executives against financial, customer, work process improvement and personnel development indicators. The Bank's executives will receive remuneration in monetary form and otherwise as determined by the Bank.

Remuneration for staff

Human Resources work unit will determine the remuneration rates in monetary form and otherwise for employees from the corporate title of Senior Vice President (U3) and below as deemed appropriate in line with the nature of work, function, qualifications, professional experience and responsibilities before proposing to the executives with approval authority for consideration and approval.

Annual merit increase

The Bank's staff and their supervisors will evaluate staff's performance in the previous year and set the target for the following year. The annual merit increase will be considered based mainly on individual staff's performance and overall performance of the Bank, subject to the Nomination, Remuneration and Corporate Governance Committee's concurrence and the Board of Directors' approval. The Bank reserves the right to change the remuneration rates as deemed proper and necessary.

Bonus payment

The Bank will consider the bonus payment annually and announce its bonus payment criteria to all staff every year for staff with evaluated score not below the set criteria approved by the Board of Directors and no prohibited characteristics under the Bank's criteria. The bonus payment shall be concurred by the Nomination, Remuneration and Corporate Governance Committee and approved by the Board of Directors.

Policy on Nomination and Appointment of Directors and Executives

The Bank has put in place director nomination procedures that are transparent and open for inspection. The Board has accordingly established Nomination, Remuneration and Corporate Governance Committee to take charge of selecting and nominating qualified persons who have no disqualifications according to the law for appointment as directors by recommending them for the Board's approval or through the Board before submitting to the meeting of the shareholders for approval (as the case may be). This process shall comply with the rules and procedures on appointment and removal of directors as specified in the Bank's Articles of Association and relevant laws and regulations.

The Nomination, Remuneration, and Corporate Governance Committee is responsible for reviewing and screening qualifications of candidates for executive positions before proposal to the Board of Directors for approval prior to submission for the Bank of Thailand's approval. The Bank has put in place the nomination process in order to ensure that all senior appointments are compliant with the regulations the BOT and other regulatory bodies.

Human Rights Policy

The Bank has established Human Rights Policy and Procedures to ensure its directors, executives and employees comply with and respect human rights as prescribed in the Thai Constitution. This includes the right to equal treatment irrespective of differences in homeland, race, gender, age, personal status, economic or social status, religious beliefs, education, or political viewpoints, which are not against the provisions of the Constitution. The Bank is also determined not to get involved, associated with or support individuals or organisations having acted in breach of human rights.

Policy of Non-violation of Intellectual Property Rights or Copyright

The Bank does not support its directors, executives and employees operating in violation of intellectual property rights or copyright. As such, the Bank established a policy prohibiting the Bank's directors, executives and employees from violating intellectual property rights or copyright e.g. duplicating, modifying or disseminating creative works with copyrights, to the public without permission from the copyright owners.

Policy for Reporting of Beneficial Interests of Directors and Executives

In order to control and monitor transactions made between the Bank and its directors, executives and related persons, the Bank has formulated a policy for reporting the beneficial interests of directors and executives (reports of beneficial interests). Directors and executives shall submit their reports and those of related persons within seven business days from the end of the semi-annual period as well as when there are changes (if any). The Company Secretary will submit copies of such reports to the Chairman of the Board and Chairman of the Audit Committee for acknowledgement within seven business days from the date the reports are received by the Company Secretary.

Anti-Corruption Policy and Procedures

The Bank has declared its intention to fight corruption by participating in the Private Sector Collective Action Coalition against Corruption (CAC) and prepared the Anti-Corruption Policy and Procedures to be strictly complied with by the directors, executives, employees and subsidiaries in order to ensure that the Bank has appropriate practice and regulation in place to prevent corruption.

Details of fine payment of the Bank and companies in its financial business group as of 31 December 2019:

Regulators	Details of fines imposed by Regulators					
	Year 2019				Three most frequent non-compliance cases in past five years	
	Total amount (THB)	First three highest fine amounts			Section	Relevant laws
		Amount (THB)	Section	Relevant laws		
1. Bank of Thailand	-	-	-	-	Sections 66 and 71	Financial Institution Act B.E. 2551 (2008) as amended
2. Office of the Securities and Exchange Commission	-	-	-	-	Section 113	Securities and Exchange Act B.E. 2535 (1992) as amended
3. Office of Insurance Commission	-	-	-	-	-	-
Conclusion	In 2019, the Bank recorded no fine payment case.				For past five years, the Bank recorded a total of two cases of fine payment.	

9. Corporate Governance

9.1 Corporate Governance Policy

CIMB Thai firmly believes that its ongoing commitment and efforts in ensuring a strong corporate governance structure and culture across the organisation will help it add value to all its stakeholders. Hence, the Bank has strived to have good corporate governance practices put in place and the highest standards of business integrity applied to all its activities.

Corporate Governance Principles

The Bank has developed processes for identifying, assessing and managing risks and uncertainties facing the Bank. Internal control processes are established to ensure that the business operations and controls in all areas including finance and operations, as well as compliance, comply with relevant laws and regulations. Corporate Assurance and Compliance have been tasked to provide oversight and support to ensure that individual business units conduct their business and affairs in a manner that drives forward the Bank's strategic objectives, while complying with applicable laws and regulatory requirements. A strong focus is placed on educating and increasing awareness among directors, executives and employees on the Bank's codes of conduct, the relevant laws and regulatory requirements as well as disciplinary procedures.

The Bank's Corporate Governance Policy, which contains guidelines for directors, executives, and employees, was formulated. With adherence to this policy in its operations, the Bank aims to build trust and confidence among investors and stakeholders, hence improving its competitiveness, enhancing value and promoting stability in the long run.

The Board of Directors understands the roles, duties, benefits, and principles of Corporate Governance Code for Listed Company 2017 (CG Code) issued by the Securities and Exchange Commission (SEC) which provide sustainable values to the Bank's business. Therefore, the Board of Directors' meeting no. 2/2019 held on 22 February 2019 approved the Bank to revise its Corporate Governance Policy to bring it in line with the Office of the SEC's CG Code for the Bank to apply the principles of the CG Code into its business context and enable the policy's coverage and relevance to the fast-changing development of corporate governance principles.

Corporate Governance

1. Rights of Shareholders

The Bank has recognised the rights of all shareholders and encouraged them to exercise their basic rights on an equitable basis, as well as proactively communicated with them regularly. Such rights include the rights to sell, purchase or transfer shares, access the Bank information, ensure fair distribution of profit, attend meetings to exercise voting rights, express opinions and comments, and decide on important matters, such as appointment of director and auditor, allocation of profit, dividend payment, capital increase or decrease, and approval of any extra items, etc.

The Bank holds its annual general meeting of shareholders (AGM) within four months from the fiscal year end. Meetings of shareholders other than general meetings are called extraordinary meetings, which can be convened by the Board at any time it deems fit. The 2019 AGM was held on 18 April 2019.

Before the AGM, from 1 October 2018 to 31 December 2018, shareholders were invited to propose matters for inclusion in the meeting agenda and propose names of qualified candidates for consideration and election as directors of the Bank in accordance with the Bank's rules and criteria. For the 2019 AGM, no agenda items and no director nominations were proposed by the shareholders.

To convene the 2019 AGM, the Bank sent an invitation letter in which each agenda item was clearly identified whether it was for acknowledgement or consideration, together with background, rationale, and recommendations of the Board, as well as supporting documents which comprised criteria of meeting attendance and voting, proxy grants by shareholders, and the 2018 annual report in hard copy. The Bank assigned Thailand Securities Depository Co., Ltd., the Bank's share registrar, to send

the invitation letter to the shareholders for consideration 14 days before the meeting, and also published the invitation letter and other supporting documents on its website at least 14 days before the meeting. This allowed shareholders to have time to study information beforehand. Besides, the invitation letter was also made available to public via the disclosure channel of the Stock Exchange of Thailand (SET), and in accordance with regulatory requirements, the letter was published in newspapers for three consecutive days at least three days before the meeting. On the AGM date, the Bank has taken various measures to facilitate participation by the shareholders or proxy holders, including assigning staff to process the shareholders' or proxy holders' meeting attendance registration and verify their related credentials to preserve their rights and ensure equitable treatment is offered to all shareholders. Registration of attendees was conducted through a bar code system with separate voting slips provided for each agenda item. The shareholders and proxy holders had the opportunity to register at least two hours before the meeting began. In addition, during the meeting, the shareholders could register their attendance to exercise their voting rights for any agenda item for which resolutions had not yet been passed. The Bank prepared proxy forms and details on proxy granting for shareholders who would like to appoint proxies to attend the meeting on their behalf. The proxy form and details on proxy granting were submitted together with the invitation letter to all shareholders. The Bank also provided an additional option to shareholders by providing the names and profiles of independent directors whom shareholders could consider for their proxy appointment. At the 2019 AGM, seven shareholders appointed the Bank's independent directors to attend the AGM and vote on the shareholders' behalf.

At the 2019 AGM, 90% of the Board members and 400 shareholders and proxies attended the meeting, with total shares held of 33,090,829,117 shares representing 95.0278% of the total issued shares. Before the meeting began, the Chairman of the Board had assigned the Company Secretary to give an explanation regarding voting rights and procedures to the attendees. The Chairman of the Board who then acted as the Chairman of the Meeting assured the shareholders that they would have equal opportunity to ask questions, express opinions and make recommendations. Relevant information was made available through multimedia presentation and without language restriction as simultaneous English translation was also provided for foreign shareholders. At the meeting, members of the Board and relevant executives answered and clarified related issues clearly and comprehensively. Voting was conducted in an open and transparent manner whereby vote casting for each agenda item followed the order specified in the invitation letter, without modifications to the original agenda. Voting results on each agenda item were tallied through the bar code system and ballots of shareholders who disagreed and abstained from voting were kept. After the meeting, the minutes of the meeting were prepared in an accurate and comprehensive manner, such as a summary of questions, clarifications and views provided as well as detailed votes for each agenda item which showed the number of votes cast for and against the motion as well as abstention votes, etc. The draft minutes of the 2019 AGM were submitted to the relevant supervisory authorities within 14 days from the meeting date as prescribed by law, and posted on the Bank's website, www.cimbthai.com, for shareholders' reference.

2. Equitable Treatment of Shareholders

The Bank recognises the importance of fair treatment of all shareholders including its duty on protection of shareholders' interests. Hence, measures are put in place to prevent the use of internal information for personal gains by the Board members, executives and employees. The Board has set criteria to prohibit its Board members, executives and employees, including spouses and underage children thereof, from using material internal information with impact on the Bank's securities which is privately known to them for purchase, sale, transfer or receipt of transfer of securities of the Bank during a one-month period before such information goes to public. Moreover, members of the Board and executives from the levels of Senior Executive Vice President or the equivalents upward, and those holding executive positions or heads of work units or the equivalents upward in the Accounting or Finance function line, including persons having relationship with the foregoing, i.e. spouse or person cohabiting as husband and wife (without registration of marriage), underage children and any juristic person in which Board members or executives, or spouse or person cohabiting as husband and wife or underage children of Board members or executives, have a combined shareholding exceeding 30% of the total voting rights and representing the largest shareholding proportion in such juristic person, are duty-bound to report their securities and derivatives holding as well as any change in the securities and derivatives holding, to the Office of the Securities and Exchange Commission (Office of the SEC), and send copies of such report to the Office of the President within the above

specified timeframe. For the information of the Bank, a policy is laid down for the Bank's directors to report their sale and purchase as well as holding of the Bank's shares and/or securities to its Board. In addition, the Bank has formulated the Code of Ethics and Conduct for the Board, executives and employees, which cover topics on the use of internal information and operation guidelines with avoidance of conflicts of interest to ensure efficient, effective and transparent business management.

3. Role of Stakeholders

The Bank places great importance to the rights of all its stakeholders whether they are directors, executives, employees, shareholders, clients, business partners, creditors or relevant government authorities.

CIMB Thai Code of Conduct

1. Clients

The Bank takes its commitment seriously to provide clients with high-quality products and services while safeguarding their interests and treating them fairly in all aspects of their dealings with the Bank. To pursue with this objective, the Bank has set up Customer Experience Management (CX) as a work unit to work closely with CIMB Thai Care Centre and other units to efficiently handle client complaints and queries. The Customer Complaint Handling Policy has been established to set out the standard framework and mechanism when dealing with customers' complaints in accordance with local regulatory requirements and CIMB Group standards. The Policy enables CX to act as an independent centralised complaint management unit to ensure that all customer complaints are handled objectively by relevant subject matter experts in a fair and timely manner. This is to ensure prompt and constructive responses are given to customers, which will in turn build customers' loyalty and trust in CIMB Thai. In addition, customers' confidentiality is strictly observed at all times unless the disclosure is required by law or authorised in writing by the customers.

2. Shareholders

The Bank recognises the critical importance of ensuring work systems and processes are in place to provide assurance of effective and efficient operations, internal controls and compliance with laws and regulations, as well as adherence to the code of conduct by all employees. The Bank focuses on creating and delivering sustainable shareholder value, protection of assets and providing all shareholders with fair treatment whilst allowing them to exercise their rights fully and fairly in an informed manner unless they have material interests in the matter considered at the shareholders' meeting, and in such case, the shareholders with interest are required to abstain from voting thereon. However, they are eligible to participate in the election of directors.

3. Employees

The Bank believes in fair treatment accorded to all employees, and is fully committed to uplifting the quality of its human capital. In this context, it has consistently provided them with training so that they have an opportunity to improve their performance with more career development options. Such efforts will enhance the Bank's sustainable growth and serve its business expansion plans in the increasingly competitive markets.

4. Creditors and Business Partners

The Bank is committed to maintaining high standards of business conduct in compliance with all applicable laws and regulations. Its business dealings with creditors and business partners are in a fair manner pursuant to the relevant laws and regulations.

5. Competitors

The Bank recognises the importance of a fair and competitive business environment. It has treated its competitors with fairness and without breaching the confidentiality of their information nor tarnishing their reputation. Legal and ethical best practices have been put in place as guidelines for the employees.

6. Community and Society

The Bank recognises its ability to make positive impacts on the community and the environment. It has actively been involved in a range of charitable activities, including Kathin robe offerings, blood

donation drives and fund-raising to help monks, underprivileged children and local community at large. Details of the Bank's activities are available in Corporate Social Responsibility section.

4. Disclosure and Transparency

The Bank places great importance to ensuring that accurate, timely and clear information, both in Thai and English, is disseminated to investors and parties concerned across a variety of media channels, including those provided by the SET and the Bank's website. In addition, as required by regulatory criteria, the Bank discloses relevant information in the annual registration statement (Form 56-1) and the annual report (Form 56-2). Various projects have been launched and activities held to boost investor confidence in Thai capital market. Clear and accurate information on the Bank's activities has also been provided to regulatory bodies, investors, shareholders, analysts and the general public. These initiatives include:

- Investor Relations (IR) and Office of the President taking charge of disseminating the Bank's information and representing the Bank in communicating with investors, securities analysts, media and other interested persons, as well as reporting operating results and material transactions in accurate, fair, and transparent manner and in compliance with the applicable laws and regulatory requirements.

In 2019, the Bank organised IR activities to provide information both directly and indirectly as follows:

1. Welcome of four investors and analysts to meet with the management team for inquiry about the Bank's operating results, altogether five meetings.
 2. Press release issued when the Bank had significant investment or business activities.
 3. Availability of channels for provision of information and dealing with inquiries of investors and media via email: ir@cimbthai.com, or Tel. +66-2626-7820, or website: http://www.cimbthai.com/CIMB/investor_relations/.
- Holding press conference to disseminate information to the general public via the media when on financial results and business directions of the Bank for the information of interested parties and allowing local and foreign investors and analysts to keep abreast of the Bank's performance and growth.

5. Responsibilities of the Board of Directors

A. Board Structure

The Board of Directors is composed of eleven members who are professionals with diversified backgrounds in finance, banking, business administration, marketing, legal, auditing, accounting and experience in government affairs. This has enabled the Board of Directors to possess the competencies in accordance with the Board Skill Matrix of the Bank and director nomination fits the Bank's business direction. Election of Board members follows the resolution of the shareholders' meetings and as set out in the Bank's Articles of Association thereby the number of directors on the Board shall not be fewer than five and not more than twelve. The structure and composition of the Board of Directors and the setup of Board Committees are as prescribed by the Bank of Thailand (BOT)'s Notification regarding corporate governance of financial institutions and the Capital Market Supervisory Board's Notification regarding application and permission for initial public offering, and further amendments thereof. The Board composition is as follows:

- 3 executive directors
- 2 non-executive directors
- 6 independent directors (accounting for 54.54% of the entire Board)

Four of the independent directors concurrently serve on the Audit Committee and have the qualifications that satisfy the criteria based on the good corporate governance principles.

The Board appoints one of its directors to be the Chairman. The President and CEO is not eligible to be appointed as the Chairman. In the interest of good governance, the roles of the Chairman and the President and CEO stay separate, with each of them having clearly defined responsibilities. A clear segregation of responsibilities helps ensure that no single individual has unfettered decision-making power and enables the Chairman to be independent in giving objective views on the business administration by the management.

Each director's term of office is prescribed in the Articles of Association of the Bank. At every annual general meeting, one-third of the directors shall retire. In any subsequent years, the directors who have been in office the longest shall retire. The retiring director may be re-elected.

The Bank has incorporated a policy on directors holding positions in other companies into its corporate governance principles in line with the corporate governance guidelines of relevant regulators, i.e. the BOT and the SET, details of which are as follows:

- Director, manager, person with managing power, and advisor of the Bank may assume either chairmanship or executive directorship or both in other companies of no more than three business groups, excluding directorship in the Bank.
- Director, manager, person with managing power, and advisor of the Bank may hold directorship in no more than five listed companies, both domestic and overseas (with directorship at the Bank counted as one of the five), excluding the listed companies the Bank has acquired from debt restructuring.

The Bank has appointed Mrs. Patima Jumpasut as Company Secretary and Secretary to the Board of Directors to assist the Board in fulfilling its tasks. Her duties include providing legal advice and ensuring Board activities comply with applicable laws and regulations and in line with corporate governance principles, as follows:

- Give preliminary advice and suggestions to Board members on legal issues, and rules, regulations and practices of the Bank to ensure performance under good corporate governance principles.
- Make arrangements for holding of Board meeting and shareholders' meeting in line with the law and Articles of Association of the Bank, and take minutes of such meetings, as well as follow up the execution in accordance with the resolutions passed at such meetings.
- Prepare and maintain directors' register, invitation letters and minutes of Board meetings, invitation letters and minutes of shareholders' meetings, and annual reports.
- Prepare documents and information that will benefit performance of duties of new directors, and brief them about the Bank's nature of business and business framework.
- Make available training courses and seminars to enhance directors' knowledge and develop their skills and experience that will benefit the directors' performance of duties.
- Ensure the disclosure of information and information memorandum on the part under responsibility to the supervisory bodies under the relevant rules and regulations.
- Contact and communicate with shareholders in general to ensure they are aware of their rights and have access to the news and information of the Bank.
- Undertake other tasks as announced/prescribed by the Capital Market Supervisory Board.
- Undergo ongoing knowledge and skills training and development in the areas of law, accounting, or performance of duties of company secretary.

B. Board Committees

The Board has established Board committees comprising Audit Committee, Nomination, Remuneration and Corporate Governance Committee, Management Committee, Board Risk and Compliance Committee and others, to assist in screening and scrutinising specific operations and support the performance of duties of the Board to ensure efficiency and effectiveness and maintain a good corporate governance system.

C. Roles, Duties and Responsibilities of the Board

1. Leadership and Vision

The Board is composed of individuals with vision and leadership abilities, business knowledge and ethics, and with awareness of impact on the society and the environment, as well as possessing diverse professional skills and specific competencies that will benefit the Bank's business operation. The Board has developed the Bank's vision and mission for the management to apply in mapping out the Bank's long-term strategies and targets. In addition, the Board will consider reviewing the vision and mission, and oversee to ensure the Bank's implementation and translation of the strategies into action. Policies and procedures for the Bank's business operation are put in place with review of which conducted on a regular basis to ensure that the Bank can carry on its business operation in line with the changing situations.

The roles and responsibilities of the Board, including the nomination, appointment and removal of directors, are set out in the Bank's corporate governance guidelines and Articles of Association. The Board has authority and is committed to performing duties under the corporate governance principles and has good understanding of the Bank's overall business. It is responsible for ensuring that the oversight of internal controls and risk management is effective and provides an objective assessment of the management's execution of the Bank's policies and strategies.

2. Ethics and Conflict of Interests

The Bank has formulated Code of Ethics and Conduct which the Board, executives, and all employees must comply with when dealing with the customers, shareholders, employees, business partners or creditors. Emphasis is also placed on responsibilities for the environment, society and competitors, protection of client confidentiality, honesty, fairness, professional integrity, business capacities, strict compliance with laws and regulations, and cooperation with regulatory agencies. All employees are required to keep uppermost in their mind, understand and act in compliance with the principles of good corporate governance. Any employee with alleged breach of the good corporate governance principles will be investigated in accordance with the procedures in place, and disciplinary penalty will be imposed if he/she is found guilty. (Details of the Bank's Code of Ethics and Conduct are available on www.cimbthai.com.) The Bank has communicated to all staff the guidelines for their compliance with the Code of Ethics and Conduct by making such information available online through Lotus Note.

The Bank has policies in place to prevent conflicts of interest, and inappropriate connected transactions or related-party transactions. These include:

- Policy for consideration of the granting of credits and investments to, and undertaking contingent liabilities or other credit-like transactions with, the Bank's major shareholders and related persons thereof or businesses with beneficial interest to the Bank, or the directors or persons with managing authority of the Bank, which must adhere to the ratios stipulated by the BOT. Any such grant must be approved unanimously by the Board, and no director or person with managing authority who benefits from the granting of credits and investments, and the undertaking of contingent liabilities or other credit-like transactions can take part in the decision-making process. In addition, the Bank has in place the policy relating to prohibition of and criteria for granting of credits and undertaking contingent liabilities or other credit-like transactions with the Bank's directors or persons with managing authority of the Bank and/or companies in the financial business group of the Bank, including the related persons thereof. Such transactions and undertakings are monitored to ensure compliance with the relevant laws and regulatory requirements.
- Conflict Management, Chinese Wall and Personal Account Dealing Policies which set ethical principles, prohibitions, criteria and practice guidelines for employees to prevent access to or use of internal information on the customers that has not yet been disclosed publicly for personal benefits or benefits of any persons in relation to employees' performance of duties assigned by the Bank.
- Policy for undertaking major transactions as proved in the corporate governance principles, comprising entering into connected transactions and/or making transactions to acquire or dispose of the Bank's core assets and/or rights to acquire or dispose of the Bank's core assets. The Bank must comply with requirements of regulatory agencies.

When considering a connected transaction, if the transaction is connected to a major shareholder, director, senior executive vice presidents or that holding the equivalent position thereto, and an executive in the Finance function line, and any other party concerned pursuant to the SEC criteria, the Board and management members must:

- 1) ensure that the transaction is legitimate, that is, it is reasonable and is in the best interest of the Bank, and that the terms and conditions are not different from those of a similar transaction made with an unrelated party; and
- 2) ascertain that the procedures for considering and approving any such transaction are fair, transparent, and verifiable, and that sufficient information on such transaction is disclosed to investors.

Connected transactions are subject to approval by the Board. Approver must have no interests therein. Directors with material interests therein are also not allowed to attend the meeting or cast

vote thereon. The Bank may seek additional opinion from an independent financial advisor if the transaction has to go to the shareholders' meeting.

D. Board Meetings

Board meetings are scheduled in advance for the entire year, with at least one held every quarter and with clear agenda items submitted for information and consideration. In addition to the scheduled Board meetings, special Board meetings can also be held as and when they are required. The Board Secretary is responsible for providing all directors with the invitation letters including the agenda at least seven days before the meeting, sending supporting documents and relevant information for each meeting to the directors and the management in advance so that they can study the matters in the agenda before the meeting, and ensuring that time will be spent efficiently during the meeting. The Board Secretary is also responsible for taking the minutes of each meeting and have them well-documented. The minutes adopted by the Board will be filed and kept for examination by the Board and relevant agencies. In 2019, the Bank held 12 Board meetings, details of which are as disclosed in "Meeting Attendance of Directors" section.

To ensure the Board's efficient performance of duties with balance of power, the Board may arrange for the holding of meeting among non-executive directors to discuss the Bank's affairs without participation of the management. In 2019, a meeting among non-executive directors was held on 17 December 2019.

E. Evaluation of the Board/Board Committees' Performance

The Bank has conducted annual evaluation of the Board and Board committee performance to allow Board and Board committee members to jointly review their performance, raise problems and obstacles concerned, and give observations and recommendations for improvement of operational efficiency. The evaluation form of the Board is divided into evaluation as a whole in terms of both (1) self-evaluation and (2) cross-evaluation, comprising six sections: 1) structure and qualifications of the Board, 2) roles, duties and responsibilities of the Board, 3) Board meetings, 4) Board members' performance of duties, 5) relationship with the management, and 6) self-development of the Board members and executive officers; and evaluation on an individual basis, comprising three sections: 1) structure and qualifications of the Board members, 2) Board meetings, and 3) roles, duties and responsibilities of the Board members. The evaluation result with score ranging from 0 (strongly disagree or no action taken) to 4 (strongly agree or action taken satisfactorily) will be compiled and concluded by the Board Secretary before presenting to the Chairman of the Board.

The evaluation result of the Board's performance in 2019 was as follows: 1) self-evaluation of the Board as a whole, with the average score of 3.52 from all categories, 2) self-evaluation of the Board on an individual basis, with the average score of 3.47 from all categories, 3) cross-evaluation of the Board on an individual basis, with the average score of 3.71 from all categories.

As for Board committees, namely Audit Committee, Nomination, Remuneration and Corporate Governance Committee, and Board Risk and Compliance Committee, their performance is evaluated on a yearly basis so that each Board committee can review its performance in the past year relative to the duties and responsibilities assigned by the Board and use the evaluation result for improvement of its performance of duties. The evaluation is by way of self-assessment of the committee as a whole and on an individual basis. The Board Secretary will send the evaluation form to each committee member for conduct of self-assessment and later compile and conclude the result of which together with recommendations from each Board committee for submission to the Board for consideration and further use for performance improvement.

Moreover, the Bank will conduct annual evaluation of President and Chief Executive Officer's performance, taking into consideration the key performance indicators determined based on the Bank's strategies and targets each year. The evaluation result will be compiled and concluded by the Board Secretary before presenting to the Chairman of the Board.

F. Remuneration of Directors and Senior Executives

The Board has a policy to disclose information on the remuneration of its directors and senior executives in compliance with the Public Limited Companies Act and the requirements of the supervisory and regulatory bodies. Such remuneration is on a par with that of peer financial institutions in accordance with the following guidelines:

• Remuneration of Directors

The Bank's Articles of Association set out broad criteria to allow flexibility in determining and adjusting directors' remuneration to be in line with the Bank's operating results and suit circumstances. According to its Articles of Association, the Bank may consider providing remuneration to directors in forms of meeting allowance, pension, bonus and benefits of other forms, as approved by the meeting of shareholders. In this respect, the shareholders' meetings may have the remuneration determined either in a specific definite amount or as general guidelines, and either from time to time or to take effect until any change thereafter. However, there will be no impact on the rights of staff or employees who also serve on the Board to receipt of remuneration and benefits in their capacity as staff or employees of the Bank.

The Board is responsible for proposing the remuneration packages for directors at the meeting of shareholders for approval. Such remuneration packages shall be worked out taking into account various factors such as conformity with the remuneration in the same industry and others.

The 2019 annual general meeting of shareholders no. 25 held on 18 April 2019 passed a resolution approving the remuneration for the Board and Board Committee members for 2019, as detailed below:

1. Meeting and entertainment allowances for Board members:

Remuneration by position	Year 2019		
	Entertainment (Monthly)	Meeting allowance (Monthly)	Attendance allowance
• Chairman	THB 70,000	THB 71,500	THB 58,500
• Vice Chairman	-	THB 48,400	THB 39,600
• Director	-	THB 24,000	THB 20,000

Remarks:

- Directors are responsible for paying their own income tax.
- Attendance allowance will be paid once regardless of meeting frequency per month.

2. Remuneration for Board Committee members: Directors appointed by the Board to serve on Board Committees are entitled to receive additional monthly allowance and meeting allowance per attendance as below:

Remuneration (Position)	Year 2019	
	Meeting Allowance (Monthly)	Attendance allowance
1. Audit Committee		
• Chairman	THB 39,600	THB 32,400
• Committee member	THB 22,000	THB 18,000
2. Other Committees		
• Chairman	THB 28,600	THB 23,400
• Committee member	THB 22,000	THB 18,000

Remarks:

- Directors are responsible for paying their own income tax.
 - Attendance allowance will be paid on a per meeting basis.
- Directors who are required to serve on Board committees are entitled to receive additional remuneration based on the increase in responsibilities as the Board may deem fit.

- The Board may appoint an independent expert to serve as an advisor to assist in giving opinions relating to the Bank's business with remuneration to be determined as considered appropriate.
- The Board is duty-bound to disclose information on remuneration packages for directors and senior executives in compliance with the Public Limited Companies Act and relevant regulatory requirements.

G. Director and Executive Development

The Bank encourages all directors to participate regularly in the training programmes, including relevant study tours, relating to their roles and responsibilities as Board members to provide them with, and assisting them in developing visionary thinking. So far, most of the directors have participated in the programmes organised by the Thai Institute of Directors (IOD), such as the Director Certification Programme (DCP) and Director Accreditation Programme (DAP), etc. Details on trainings of each director are presented in the Directors' Profiles section.

In 2019, the Bank's directors attended directorship -related training courses and seminars for performance enhancement as follows:

Director Name	Training Course/Seminar
1. Dato' Robert Cheim Dau Meng	<ul style="list-style-type: none"> - Global Board Leadership Summit, Singapore - Audit 101 Session - Friends of Thailand Circle Talk Series: Navigating ASEAN in a Turbulent World - Bank Negara Malaysia Annual Report 2018 / Financial Stability and Payment Systems Report 2018 Briefing Session - Tech Risk Workshop - The Future of Fintech in ASEAN - Risk Posture Workshop - 3rd Regional Directors' Sharing Session - 2020 Budget Focus Group Meeting Improving Access to Financing (Through Financial Innovation) - Sustainable Finance Conference by CIMB - Khazanah Megatrend Forum 2019 - SC Industry Dialogue 2019 (Corporate Finance) - FIDE Forum-Leadership In A Disruptive World – The Changing Role of Boards by Graham Poston - Enhancing Corporate Governance by Understanding Legal Liabilities "Act or Resign" by Malaysian Anti-Corruption Commission - The Challenge of Building Cyber Resilience by CIMB Thai
2. Mrs. Watanan Petersik	- The Challenge of Building Cyber Resilience by CIMB Thai
3. Mrs. Oranuch Apisaksirikul	- The Challenge of Building Cyber Resilience by CIMB Thai
4. Mr. Chanmanu Sumawong	- The Challenge of Building Cyber Resilience by CIMB Thai
5. Mr. Rom Hiranpruk	- The Challenge of Building Cyber Resilience by CIMB Thai
6. Mr. Niti Jungnitnirundr	- The Challenge of Building Cyber Resilience by CIMB Thai
7. Mr. Natasak Rodjanapiches	- The Challenge of Building Cyber Resilience by CIMB Thai
8. Ms. Serena Tan Mei Shwen	- The Challenge of Building Cyber Resilience by CIMB Thai
9. Encik Omar Siddiq Bin Amin Noer Rashid	- The Challenge of Building Cyber Resilience by CIMB Thai
10. Encik Shahnaz Farouque Bin Jammal Ahmad	- The Challenge of Building Cyber Resilience by CIMB Thai

In 2019, five new directors were appointed by the shareholders' meeting and Board meeting. The new directors have undergone an in-house induction programme that gives them an overview of the Bank as well as its annual business and operational plans. A director's manual assembling applicable laws and regulations each director needs to know was also given to a new director for compliance with the good corporate governance practices.

H. Succession Plan

The Bank is fully aware of the importance of operating business efficiently and continuously. Human Resources has thus been tasked with formulating a succession plan to ensure that the Bank has identified executives or talents as successors to various key positions. An appropriate training and development plan has been put in place to upskill each individual so that he/she is ready to be replacement with immediate effect or within the specified timeframe. The significant process requiring approval by the Nomination, Remuneration and Corporate Governance Committee and the Board of Directors

9.2 Board Committees

Board Committees comprise:

1. Audit Committee
2. Nomination, Remuneration and Corporate Governance Committee
3. Board Risk and Compliance Committee
4. Shariah Sub-Committee

1. Audit Committee

The Audit Committee (AC) is composed of:

- | | | |
|-------------------------------|-----------------------------|--|
| 1. Mrs. Oranuch Apisaksirikul | Independent Director | Chairperson |
| 2. Mr. Chanmanu Sumawong | Independent Director | Member |
| 3. Mr. Rom Hiranpruk | Independent Director | Member |
| 4. Mr. Niti Jungnitnirundr | Independent Director | Member |
| 5. Ms. Siriporn Sanunpairaue | Head of Corporate Assurance | Secretary for Corporate Assurance function |

Powers, Duties and Responsibilities:

1. Assist the Board in discharging its statutory duties and responsibilities relating to accounting, reporting practices and good corporate governance.
The AC shall review the effectiveness of internal controls, risk management processes and governance practices, taking into account the requirements of relevant BOT guidelines, the listing requirements of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET), as well as other relevant guidelines issued by the regulators.
2. Review the effectiveness of Corporate Assurance function.
3. Recommend to the Board and shareholders the appointment of external auditors, including the appropriate remuneration as well as review the effectiveness of external auditors.
4. Review the findings of major investigations, routine audit findings, internal controls and compliance issues identified by internal, external and regulators and to ensure that appropriate and prompt remedial actions are taken by management.
5. Review the correctness and adequacy of financial statements for submission to the Board of the relevant entities within the CIMB Thai Group and the SET.
6. Review all related party transactions submitted by management that may arise within the CIMB Thai Group and keep the Board informed of such transactions.
7. Report to the Board any corrective action or improvement required should the AC has concerns over conflict of interest activities, fraud, irregularities, significant internal control weakness, or violation to the relevant regulations. If the Board or management does not take appropriate action within the timeframe determined by the AC, any member of the AC has to report such activity to the SEC or SET.
8. Prepare a report on all activities of the AC for disclosure in the Bank's annual report, and have the report signed by the AC chairperson. The report must contain minimum information as stipulated in the SET regulations.
9. Clearly document the scope, roles and responsibilities of the advisory service from external expert to the AC or appointment of management to perform duty on behalf of the AC, if any.
10. Endorse Corporate Assurance Policy prior to submission for the Board's approval.

11. Approve Corporate Assurance Charter.
 12. Perform any other duties as specified in Audit Committee Charter.
 13. Perform any other assignments delegated to it by the Board.
- Coverage: CIMB Thai Group

2. Nomination, Remuneration and Corporate Governance Committee

The Nomination, Remuneration and Corporate Governance Committee (NRCC) is composed of:

- | | | |
|--------------------------------|-------------------------|-----------------------|
| 1. Mrs. Watanan Petersik | Independent Director | Chairperson |
| 2. Dato' Robert Cheim Dau Meng | | Chairman of the Board |
| Member and Alternate Chairman | | |
| 3. Mr. Chanmanu Sumawong | Independent Director | Member |
| 4. Mrs. Kanokpai Vongsatitporn | Head of Human Resources | Secretary |

Powers, Duties and Responsibilities:

1. Nomination:

- Formulate policies, criteria and methods of nominating candidates as the Bank's directors or persons with management power (Executive Vice President upwards) for further proposal to the Board for consideration and approval, and submit such policies, criteria and methods to the BOT upon its request.
- Select and nominate names of qualified candidates for the following positions to the Board of Directors for approval:
 - a) Member of the Board of Directors,
 - b) Member of the Board of Directors appointed to sit on any Board committee, and
 - c) Executive Vice President upwards.
- Ensure that the size and composition of the Board of Directors is appropriate for the organisation and the dynamic business environment. Board members shall possess appropriate expertise and experience.
- Disclose the nomination policy and process in the Bank's annual report.
- Consider the appointment and appropriate remuneration of the Bank subsidiaries' directors and recommend to the Boards of subsidiaries for approval.

2. Remuneration:

- Develop the policies on remuneration and other benefits payment, as well as remunerations and benefits for directors and persons with management power (Executive Vice President upwards) under clear, transparent criteria for proposal to the Board of Directors for consideration and approval, and submit such policies to the BOT upon its request. (Policies on remunerations, benefits and welfares shall cover every aspect of remunerations, including director fees, salaries, allowances, bonuses, as well as relevant options and benefits.)
- Ensure that directors and persons with management power (Executive Vice President upwards)'s remunerations are commensurate with their duties and responsibilities. Board members who take extra assignments should receive remunerations commensurate with their designated duties and responsibilities.
- Determine performance assessment criteria for Board members and persons with management power (Executive Vice President upwards) for use in annual remuneration review, taking into account their responsibilities and relevant risks, as well as giving importance to the increase of shareholders' equity in a long run in assessing the performance.
- Disclose the policy on remuneration determination and remunerations in various forms, and prepare a report on remuneration determination that at least covers the objectives, activities and opinions of the NRCC in the Bank's annual report.
- Review the remuneration and compensation schemes for CIMB Thai employees in line with the industry practices and remuneration framework of the CIMB Group.
- Recommend the annual salary adjustments and bonus framework for CIMB Thai Group to the Board of Directors for approval.

- Approve any matter relating to staff remuneration and benefits involving an amount up to THB 50 million.
- 3. Corporate governance:
 - Review the Corporate Governance Policy and Code of Conduct for directors and employees of the Bank to ensure consistency with the corporate governance criteria of relevant regulatory authorities, and submit to the Board of Directors for approval.
 - Approve corporate governance guidelines for relevant work units to follow and report corporate governance operation to the Board of Directors for acknowledgement on a yearly basis so as to enhance good corporate governance of the Bank.
- 4. Consider such matters as assigned by the Board.

3. Board Risk and Compliance Committee

The Board Risk and Compliance Committee (BRCC) is composed of:

1. Ms. Serena Tan Mei Shwen	Director	Chairperson
2. Dr. Rom Hiranpruk	Director	Member and Alternate
3. Encik Omar Siddiq Bin Amin Noer Rashid	Director	Chairman
4. Encik Shahnaz Farouque Bin Jammal Ahmad	Director	Member
5. Mr. Natasak Rodjanapiches	Director	Member
6. Mr. Arthit Masathirakul		Head of Risk Management
		Secretary for Risk Management function
7. Mr. Zethjak Leeyakars	Head of Compliance	Secretary for Compliance function

Powers, Duties and Responsibilities:

1. Oversight on risk management

1.1 Approve the establishment of risk committees and the appointment of new members and changes of members as well as determination of powers, duties and responsibilities of the following risk committees:

- (1) Risk Management Committee (RMC)
- (2) Assets and Liabilities Management Committee (ALCO)
- (3) Thailand Underwriting Committee (TUC)
- (4) Credit Committee (CC)
- (5) Asset Quality Committee (AQC)
- (6) Any other risk committees appointed to report directly to BRCC

1.2 Concur or approve risk frameworks, policies, limits and Management Action Triggers (MATs), e.g. market risk, credit risk, operational risk, strategic risk, etc., of the Bank and the companies in its financial business group as follows:

Frameworks/Policies/Limits and MATs of the Bank

- (1) Approve new or changes that might result in material increase in risk to the existing risk frameworks/policies permitted by regulator(s) to be approved by the committees delegated by the Board of Directors; and
- (2) Approve all risk limits and MATs permitted by regulator(s) to be approved by the committees delegated by the Board of Directors.

Frameworks/Policies/Limits and MATs of the companies in financial business group

- (1) Concur on new (only required for the financial business group) or changes that might result in material increase in risk to the existing risk frameworks/policies prior to submission to the respective Boards of Directors of the companies in the financial business group for approval.

- (2) Concur on all risk limits and MATs prior to submission to the respective Boards of Directors of the companies in the financial business group for approval.

1.3 Oversee the entire risk and capital management functions of the Bank and the companies in its financial business group as follows:

- (1) Ensure that capital management frameworks, policies and strategies and other relevant frameworks, policies and strategies operate efficiently and in compliance with the requirements in place.

- (2) Review and approve the stress testing scenario and risk posture.

1.4 Review and concur or approve proposals recommended by risk committees, including:

- (1) New 3rd party of the Bank and the companies in its financial business group

Approving the new 3rd party(ies) of the Bank (excluding CIMB Principal and the companies in the financial business group) before selling their products, or concurring on the new 3rd party(ies) of the companies in the financial business group prior to submission to the respective Boards of the companies in the financial business group for approval.

- (2) Financial Reporting Standards regarding financial tools (TFRS9/IFRS9)

Approving TFRS9/IFRS9 expected credit loss models, validation results and related framework(s)/policy(ies)/methodology(ies).

1.5 Provide strategic guidance and review decisions made by the various risk committees.

1.6 Ensure that infrastructure, resources, systems including risk measurement tools and other capabilities of the Bank and the companies in its financial business group are in place for risk management in order to maintain an acceptable level of risk, as well as building risk awareness culture and risk management discipline across the organisation.

1.7 Appoint external consultant(s) to review and give advice to BRCC on risk management matters, as it deems necessary.

1.8 Approve and ensure the following are in line with regulatory requirements:

- (1) Risk-related disclosures; and

- (2) Internal control over process of risk-related disclosures.

2. Oversight on compliance risks:

2.1 Provide oversight and advice to the Board of Directors and the management in respect of the management of compliance risk.

2.2 Review and assess compliance and Anti-Money Laundering and Counter Financing Terrorism (AML/CFT) risk issues and ensure such issues are resolved effectively and expeditiously.

2.3 Review the major findings of investigations and routine audit findings as well as the internal control and compliance issues identified by internal and external auditors and regulators, and ensure that appropriate and prompt remedial actions are taken by the management.

2.4 Approve the following:

(1) Compliance and AML/CFT framework/policies/procedures manual/code of conduct, including the review of such compliance and AML/CFT framework/policies/procedures manual/code of conduct

- (2) Annual compliance report for submission to relevant regulators

- (3) Compliance Unit Charter;

- (4) Compliance Strategy Plan.

2.5 Evaluate the effectiveness of the Bank's overall management of compliance and AML/CFT risks, paying high attention to the enhancement of compliance roles, resources and structure.

2.6 Review compliance and AML/CFT strategy.

2.7 Consider AML/CFT risk level, including sanction measures, to define conditions and risk appetite. The AML/CFT risk appetite should be developed by considering the risks concerning customers, products, channels and geographies, as well as types of businesses.

3. Appraise Head of Risk Management and Head of Compliance who report directly to BRCC.

Coverage: Companies in the Bank's financial business group (where appropriate)

4. Shariah Sub-Committee

The Shariah Sub-Committee comprises Islamic specialists who are not the Bank's employees and/or do not take positions in any other banks, as follows:

1. Assoc. Prof. Dr. Ismaae Alee
2. Asst. Prof. Dr. Maroning Salaming

Powers, Duties and Responsibilities

1. Explore all possibilities in conducting Shariah financial service business through the Bank and its subsidiaries.
2. Give opinions and propose relevant issues of Shariah business to the Board of Directors and/or other committees involved.

9.3 Management Committee

The Management Committee is composed of:

1. President and Chief Executive Officer	Chairman
2. Co-Head Wholesale Banking and Head of Treasury	Vice Chairman
3. Head of Risk Management	Member
4. Co-Head Wholesale Banking and Head of Corporate Banking and Investment Banking	Member
5. Head of Technology and Operations	Member
6. Head of Commercial Banking	Member
7. Head of Consumer Banking	Member
8. Head of Human Resources	Member
9. Head of Finance	Member
10. Deputy Head, Consumer Banking	Member
11. Head of Corporate Communications	Member
12. Head of Compliance	Member
13. Head of Strategy	Member
14. Head of Transaction Banking	Member
15. Head of Private Banking	Member
16. Head of Customer Experience Management	Member
17. Head of Corporate Legal	Member
18. Company Secretary	Secretary

By invitation

Head of Corporate Assurance

Powers, Duties and Responsibilities:

1. Advise the President and Chief Executive Officer.
2. Monitor and evaluate performance of each business division.
3. Review financial and other management reports of the Bank.
4. Devise strategy, business and capital management plans and budgets for the Bank.
5. Identify cross-divisional and cross-border synergies.
6. Deliberate key regulatory issues.
7. Approve delegated authorities on internal operations of non-risk related business unit.
8. Approve, revise and conduct annual reviews of the Bank's internal policies related to administration/operation/others, which are not required by regulatory bodies to obtain the Board of Directors' approval.
9. Approve the revision of delegation of authority and policies which are affected by the Bank's reorganisation.
10. Approve the appointment and revision of members, duties and responsibilities of Marketing and Communications Committee and Retail Business Committee.
11. Consider and decide on non-financial issues under 1Platform Project.
12. Review, give opinions, consider and approve the proposed legal provision set aside for the cases the Bank/executives are sued as recommended by Corporate Legal work unit.

13. Approve fee sharing scheme for investment product selling and/or referring customers through Consumer Banking only in case of 3rd party products which are not related party transaction or do not have material change from the existing ones already approved by Risk Management Committee.
 14. Approve 3rd party products with non-material change to the existing 3rd party products which have already been approved by Risk Management Committee.
 15. Appoint insurance broker for the Bank.
 16. Other matters as directed by the Board/President and Chief Executive Officer.
- Coverage: CIMB Thai Group

9.4 Governing Administration of Subsidiaries and Associate Companies

To governing administration of subsidiaries and associate companies, the Bank has appointed its executives to sit on boards of directors of those companies. The executives are responsible for keeping the Bank's Management Committee apprised of all operations and progress of the subsidiaries and associate companies on a monthly basis. The Board of Directors has also established Risk Management Committee to monitor and supervise companies in the Bank's Financial Group to ensure that their operations are in compliance with Risk Management policy prescribed by the Bank as well as regulations of the Bank of Thailand. In addition, the Board of Directors has given full support to the Audit Committee to oversee the subsidiaries and associate companies enabling the Bank to supervise and monitor operations of such companies to be in accordance with the Financial Group's policies, and to conduct audits of their financial reports to ensure accuracy and adequacy.

9.5 Governing Use of Internal Information

The Bank has oversight of use of internal information in accordance with good corporate governance. It is determined in written form and included in Corporate Governance Policy of the Bank, details of which are as follows:

The Board has set a policy and procedure to prohibit unauthorised disclosure of material, non-public information which may affect the Bank's securities. Such policy and procedure require members of the Board, executives and employees, including spouses and underaged children thereof, to refrain from using information that has become privately known to them for purchase, sale, transfer or receipt of transfer of securities of the Bank during a one-month period before such information goes to public.

Moreover, members of the Board and executives from the levels of Senior Executive Vice President or the equivalents upward, and those holding executive positions or heads of work units or the equivalents upward in the Accounting or Finance function line, including persons having relationship with the foregoing, i.e. spouse or person cohabiting as husband and wife (without registration of marriage), underage children and any juristic person in which Board members or executives, or spouse or person cohabiting as husband and wife or underage children of Board members or executives, have a combined shareholding exceeding 30% of the total voting rights and representing the largest shareholding proportion in such juristic person, are duty-bound to report their securities holding and entering into forward contracts as well as any change in the securities holding and entering into forward contracts, to the Office of the SEC, and send copies of such reports to the Office of the President as evidences within the above specified timeframe.

9.6 Remuneration for external auditors

Appointment of external auditor and consideration of audit fees

The Audit Committee considers the qualifications and performance of external candidates and recommends the appointment thereof as the external auditor as well as proposes audit fees to the Board of Directors annually. The Board then proposes the external auditor appointment and audit fees for the consideration and approval of the annual general meeting of shareholders. The external auditor to be proposed must also be endorsed by the Bank of Thailand.

Remuneration for external auditor

For the year ended 31 December 2019, fees paid to the external auditor were as follows:

(1) Audit fee

CIMB Thai Group paid the auditor audit fee of THB 11.9 million. Other incidental expenses included transport and photocopying expenses.

(2) Non-audit fee

For non-audit fee in the previous fiscal year, CIMB Thai Group obtained other services from the audit firm for which the auditors were working amounting to THB 6.6 million

10. Corporate Social Responsibilities

The Bank gives importance to corporate social responsibilities in core business operation as it is aware that business sustainable growth can be achieved with social responsibilities.

10.1 Social responsibility policy

The Bank recognizes the importance of rights of all stakeholders, namely employees, shareholders, customers, trading partners, creditors and government agencies. The policy for stakeholders is determined as detailed below:

Customers

The Bank is determined to protect the interests of, pay attention to and take responsibility for, as well as bring maximum satisfaction to the customers, by offering quality and efficient services and products.

Shareholders

The Bank is determined to operate its business efficiently, effectively and transparently, with appropriate and consistent growth and stability of returns to the shareholders, and to put best efforts in maintaining its assets, reputation and good image.

Employees

The Bank considers all staff a valuable resource and is thus determined to promote and develop their knowledge and capabilities for their career progress and stability and proper remuneration commensurate with their capabilities and performance.

Trade partners/creditors

The Bank adheres to operating its business with integrity on the basis of contractual compliances and under business conditions which are fair and equitable to the creditors.

Corporate social responsibility

Corporate social responsibility (CSR) is part of the Bank's policy of giving back to the society by strictly complying with the relevant laws and regulations, and assisting and supporting activities that benefit the community and the society as a whole.

Responsibility for competitors

The Bank has a policy to promote competition under fair and transparent rules and circumstances, with no access to competitors' confidential information in an unethical manner and no ill intention to the reputation of competitors through false or unfair statements or acts.

The Bank's corporate social responsibilities are determined and categorized into eight principles in line with the Stock Exchange of Thailand ("SET")'s corporate social responsibility guideline:

1. Business operation for fairness

The Bank has a policy to promote competition under fair and transparent rules and circumstances, with no access to competitors' confidential information in an unethical manner and no ill intention to the reputation of competitors through false or unfair statements or acts.

2. Anti-corruption

The Bank has a policy to operate businesses with integrity, transparency and ethics. It emphasizes the importance of staff having mutual attitudes to countering, resolving and being accountable for the

corruption issue, and encourages all employees to have common knowledge and understanding and work with integrity and in accordance with the Bank's Corporate Governance Policy and Codes of Conduct.

3. Respect for human rights

Respect the human rights specified in the constitution; for instance, to respect the rights and human dignity for all persons living in Kingdom of Thailand although there are differences in homeland, race, religion, sex, age, personal status, social or financial status, belief in religion, education, or political view points which are not against the purview of the constitution.

4. Fair treatment for labour

- Strictly comply with the law, rules and regulations relating to employees.
- Treat every employee equally, without discrimination on race, sex, skin color, religion, origins, age, physical disability or personal characteristics irrelevant to performance of duties.
- Appointment, transfer, rewarding and punishment, as well as fringe benefits for employees shall be based on their knowledge, capabilities, suitability, and conduct or performance of duties.

5. Responsibilities to consumers

- Aim at creating benefits to and satisfaction of customers by offering good quality products and services that can respond to customer needs timely and punctually.
- Strictly comply with contracts, agreements or conditions committed to customers. In case of inability to comply, the Bank shall inform the customers thereof in advance in order to jointly work out solutions to prevent any possible damage.

6. Environment maintenance

The Bank complies with laws and regulations regarding environment as well as efficiently ensure the safety and environment. Its employees are encouraged be aware of and have responsibilities for environment and community seriously and continuously. Safety, Occupational Health and Working Environment Policy is prepared to ensure the efficiency of continuous operation of this issue as per the safety, occupational health and working environment standard.

7. Community and social development

The main concept of CIMB Thai Community Link is not only for a long-term participation of the branch teams to create the most suitable project but the Bank will also invite executives, employees, and customers to participate in the activities. The Community Link project which will be financially supported by CIMB Foundation, Malaysia can be considered as a way to give back to the Thai society with the use of foreign capitals.

8. Innovation and its distribution

The Bank has a policy to offer products and services that respond the customers' need. It also supports the energy reservation by offering CIMB Thai's Clean Energy Loan to facilitate the customers who want to make energy efficiency investment.

10.2 Operation

The eight principles of the SET's corporate social responsibilities that the Bank conforms to are:

1. Business operation for fairness

The Bank operates business using transparent and auditable credit underwriting criteria and complying with regulatory requirements. In addition, the Bank has measures to prevent any

transaction having conflict of interest, related party transaction or inappropriate related transaction. Policies are determined as follows:

- Policy for consideration of the granting of credits and investments to, and undertaking contingent liabilities or other credit-like transactions with, the Bank's major shareholders and related persons thereof or businesses with beneficial interest to the Bank, or the directors or persons with managing authority of the Bank, which must adhere to the ratios stipulated by the BOT. Any such grant must be approved unanimously by the Board, and no director or person with managing authority who benefits from the granting of credits and investments, and the undertaking of contingent liabilities or other credit-like transactions can take part in the decision-making process. In addition, the Bank has in place the policy relating to prohibition of and criteria for granting of credits and undertaking contingent liabilities or other credit-like transactions with the Bank's directors or persons with managing authority of the Bank and/or companies in the financial business group of the Bank, including the related persons thereof. Such transactions and undertakings are monitored to ensure compliance with the relevant laws and regulatory requirements.
- Conflict Management, Chinese Wall and Personal Account Dealing Policies which set ethical principles, prohibitions, criteria and practice guidelines for employees to prevent access to or use of internal information on the customers that has not yet been disclosed publicly for personal benefits or benefits of any persons in relation to employees' performance of duties assigned by the Bank.
- Policy for undertaking major transactions as proved in the corporate governance principles, comprising entering into connected transactions and/or making transactions to acquire or dispose of the Bank's core assets and/or rights to acquire or dispose of the Bank's core assets. The Bank must comply with requirements of regulatory agencies.

2. Anti-corruption

CIMB Thai Bank Public Company Limited (CIMB Thai) has participated as a member of the Private Sector Collective Action Coalition Against Corruption (CAC) to underline our ongoing commitment to fight all forms of corruption. We have mapped out sound practice guidelines and procedures to counter corruption with the Anti-Corruption Policy and Procedures established to be strictly adopted by directors, executives and staff of the Bank and the companies in our financial business group. We have also reviewed the relevant practices, responsibility structure, risk management system, internal control and audit system to safeguard against any internal fraud.

Moreover, to support our anti-corruption operation in a more concrete manner, the No Gift Policy and Procedures has been put in place and communicated to staff at all levels to encourage them to take part in building a transparent organisation culture. All other stakeholders have also been requested to refrain from giving gifts to the Bank's executives and staff members. This aims to prevent and reduce circumstances where corruption risk may be incurred and to ensure that the Bank operates business in accordance with corporate governance principles, and with integrity, transparency and avoidance of conflicts of interests, which are the core principles of business operations of the Bank and companies in our financial business group.

To further enhance our staff's knowledge and understanding, we have prepared learning materials and implemented e-learning on good practice guidelines of the Anti-Corruption and No Gift Policies and Procedures with all staff members required to study and take the test on a yearly basis.

With awareness of the accountability for all stakeholders, the Bank has instituted the Whistleblowing Policy with channels put in place for any report of concern or complaint to be made and processed directly to Chairman of the Board of Directors, Chairman of the Audit Committee, or President and Chief Executive Officer, or via the Bank's website, regarding any wrongful acts in duty, internal fraud and non-compliance by the employees with the Bank's work rules. Under the Policy, the whistleblowers or the complainants will be protected and treated with fairness and the information and complaints will be kept in confidentiality.

3. Respect for human rights

Human rights are the fundamental rights all human beings equally have regardless of race, skin, gender, language, religion, political opinion, or other belief. To promote and protect human rights together with government agencies, the Bank has the following practices in place:

- All staff of the Bank has the equal rights in the workplace under the rules, regulations, announcements, and orders of the Bank.
- The Bank adheres to the principles of justice and sincerity in its management by complying with business ethics and etiquettes towards all stakeholders.
- The Bank has the employment standard laws, regulations, orders, and guidelines established devoid of use of forced labor and harassment or abuse in any case.
- All employees of the Bank receive safety rights protection according to the administration and management of the occupational health and safety and workplace environment.
- The Bank provides welfare benefits for the Bank's employees in addition to those required by laws as well as other benefits. Additionally, the Bank has set criteria and regulations for internal use as deemed appropriate

4. Fair treatment for labour

The Bank has provided employee benefits such as provident fund, social security fund, life insurance, medical treatment, annual health check-up, staff clinic, housing loan, car/motorcycle loan, staff education loan and general purpose loan, that are competitive against other leading banks to attract and retain talented and competent staff.

In 2019, the Bank organised a total of 479 training courses for employees, consisting of 270 in-house training courses and 209 external training courses. These courses were participated by a total of 2,905 employees, or 98% of the total workforce, equivalent to an average training of 5 days per person per year. The total cost of employee development was THB 21.4 million (Data as of 31 December 2019). The Bank has focused on providing its staff with necessary digital knowledge and skill sets through the 3D Academy (Digital, Data, Design) with such courses as Future Data Scientist Programme, Design Thinking Experience Workshop, etc. In addition, an internal training course like CIMB BEATS has been developed to boost staff's capabilities in enhancing customer experience. The Bank has also encouraged staff to consistently develop professional skills and competencies by attending such courses as Professional Investment Planner, Life and Non-Life Insurance License, etc.

5. Responsibilities to consumers

Provide accurate, adequate and updated information on products and services to customers to support their decision-making, carrying no exaggerated statements that may mislead customers about the quality and conditions pertaining to the products and services.

Give importance to keeping customers' information confidential, and not use it to seek personal interests or those of related persons.

6. Community and social development

Corporate social responsibility (CSR) has been one of CIMB Thai's key missions over the past nine years. We have carried out numerous projects under the concept "Let Children Colour Their Dreams" to promote education for the youth in remote areas who are still in need of learning tools alongside developing local wisdom so that both the communities and the schools could grow sustainably together. The main area of our support is information and communication technology (ICT). We have provided computers and Internet systems to give school children equal access to sources of knowledge. Besides, with awareness of the importance of learning outside the classroom, we have supported several career-building projects, such as demonstration plots for local plants, mushroom greenhouse, poultry house, clay doll factory, junior guide, etc., to promote vocational training and instil in children a sense of responsibility in line with the government's "Moderate Class, More Knowledge" policy.

To support the communities, we have encouraged community people to develop sidelines based on their respective local wisdom and with focus on cooperation between the communities and

the schools through such projects as Pig Bank at Baan Khao Saraphi Border Patrol Police School in Sa Kaeo and Sericulture Learning Centre at Baan Nong Muang Waan School in Nakhon Ratchasima. The latter project was initiated in 2016 in collaboration with Queen Sirikit Sericulture Center Nakhon Ratchasima under The Queen Sirikit Department of Sericulture Region 4 - Nakhon Ratchasima to extend the wisdom of local learned men for end-to-end development of silk weaving, from growing mulberry and raising silkworms to using weaving tools, dyeing silk from natural materials, and delivering a finished product that meets the Classic Thai Silk Silver Peacock standard. Coupled with the continued development of new designs and patterns in response to market demand, the silk fabrics produced under this project attained the Royal Thai Silk Goldren Peacock standard in 2019. Community people have also been provided with training on sale skills at the Bank's CSR market activity held at our head office where community people and school children were invited to sell their local products. This has reflected the fruitful cooperation of the Bank with government agencies, schools and communities.

Apart from the the projects run by the Bank, we have cultivated a sense of social responsibility among our staff by encouraging them to propose and own CSR projects under the Community Link scheme. Various projects have consistently been opened for volunteering staff to participate, such as "Let Children Colour Their Dreams... Lime and Leech Lime Orchard and Processing" project and Pig Bank project. Staff in provincial branches have also been persuaded to explore and propose list of remote area schools in need of support. They will directly contact the schools and communities while the Bank will only give advice and assistance. This will further foster good relationship between the Bank and local communities.

The CSR projects and activities implemented so far have demonstrated our commitment to development of local communities alongside educational development for school children, as both schools and communities are intertwined and reliant on each other in pursuing sustainable development and prosperity.

Our CSR projects up to 2019 have benefited more than 10,000 teachers, students, school networks, parents, alumnus and communities, covering more than 100 schools nationwide.

In 2019, we received very good cooperation from our allies, namely Thai Television Channel 3 News Family, Srinakharinwirot University, Media Associated Co., Ltd., and Kingsman C.M.T.I. Co., Ltd., for projects and activities as follows:

Educational projects, (carried out in conjunction with community projects) comprising eight projects of computer learning centre and library; science classroom, farmland for meal, clay doll learning centre and demonstration field at the following schools:

1. Wat Samran School, Lopburi
2. Baan Din Lan School, Songkhla
3. Baan Gud Kamin School, Nakhon Ratchasima
4. Baan Hnong Aor Noi School, Udon Thani
5. Wat Jed Yod School, Chiang Mai
6. Baan Huay Lan School, Phetchaboon
7. Wat Don Kee Lek School, Chachoengsao
8. Baan Khao Saraphi Border Patrol Police School, Sa Kaeo

Social and environment projects, consisting of five projects as follows:

1. Blood donation in association with The Thai Red Cross Society, every three months
2. "Power of Thais... Aiding Disaster Victims in Laos"
3. "Power of Thais... Aiding Tsunami Victims in Indonesia"
4. "Do Good and Let People See" to fund the construction of Banphaeo International Eye Hospital, Samut Sakhon
5. "Sericulture Learning Centre" at Community and Baan Nong Muang Waan School in Nakhon Ratchasima

For 2020, we will remain steadfast in our commitment to social responsibility with the main emphasis on education and special attention to environmental protection, especially as regards plastic waste which is currently a global concern with drastic impact on the environment. The Bank joined hands with Environment and Sanitation Section, Pathumwan District Office, in launching the

“CIMB THAI Go Green” project on 4 December 2019, which is Thai Environment Day, to campaign for all staff to reduce, reuse and recycle plastic bags. Cloth bags and eco-friendly cups have been handed out to staff and use of degradable or reusable containers promoted to minimise the volume of plastic wastes to the least or zero. Staff have also been urged to learn and maintain discipline in sorting wastes properly. We have made available waste bins that sort wastes by element, i.e. food leftovers, general wastes, and reusable materials for efficient waste management where even food scraps can be turned into compost for farmers.

The Bank and Pathumwan District Office have also planned to further extend our collaboration across the Langsuan community covering business entities, shops, street food vendors and street hawkers in the area. This will reiterate CIMB Thai and CIMB Group's ongoing commitment to operating our business with responsibility for the society and the environment toward sustainability.

7. Innovation and its distribution

The Bank is focusing on making continuous process improvement by adopting innovations to best serve customers. In 2017, many customer experience improvement projects have been done driven by innovations, allowing the Bank to receive many recognition awards, including Highly Commended in The Best CX Business Model 2017 from The Customer Experience in Financial Services Awards 2017 under Forward>>CX “The Best or Nothing” Program, The Best CX Employee Engagement: Honorary Mention from Customer Experience Asia Excellence Awards 2017 under CIMB Thai Customer Experience, The Best CX Personality: CX Rockstar Award from Customer Experience Asia Excellence Awards 2017 to Dr. Piyawat Jirapongsuwan, Senior Vice President of Business Engineering, ICT Excellence Award in Core Process Improvement 2017 from TMA ICT 2017 under Collection and Recovery Platform. ICT Excellence Award in Core Process Improvement 2018 from TMA ICT 2018 under Digital Unsecured Loan Process Improvement, ICT Excellence Award in Business Enabler 2018 from TMA ICT 2018 under Customer Experiences (CX) Management by Digital Business Intelligence System, IDC Digital Transformation Award 2018: The Best Omni Experience Innovator of the Year 2018 from IDC under Digital Transformation for Unsecured Loan Process. The Bank is committed to continued use of innovations to develop the organization with the target to provide the best services to our customers.

11. Internal Controls and Risk Management

The Bank has established the organisational structure, policies and work procedures to ensure that effective risk management and internal control systems are put in place, enabling sustainable business growth and compliance with good corporate governance principles. In addition, it has mechanisms in place to consistently monitor, assess and audit its internal control system to ensure adequacy, appropriateness, and effectiveness..

- **Organisation and environment**

The Bank has structured its organisation taking into account proper segregation of duties that will contribute to effective risk management and internal control as well as monitoring and auditing systems (Three Lines of Defense). It has also consistently monitored the operations of its staff to be in line with the Code of Ethics Conduct with fair treatment of its stakeholders. Short- and medium-term business plans have been worked out to determine business strategy and framework, which are communicated to the staff at managerial levels bank-wide for their awareness and implementation to achieve the plans and targets set forth.

- **Risk management**

The Bank has realised the significance of risk management covering both internal and external risk factors. Board Risk and Compliance Committee and Risk Management Committee have been appointed by the Board of Directors with relevant roles, duties and responsibilities defined and operations of which assessed to ensure conformity with the risk governance framework in place. Board Risk and Compliance Committee and Risk Management unit are in charge of formulating the Bank's comprehensive risk management policy and procedures and setting up the risk control and monitoring mechanisms, as well as continuously fostering its risk culture.

- **Oversight of executive management**

The Bank has clearly defined, and regularly reviewed the scope of authority and responsibilities conferred on or delegated to executive officers at different levels. A clear division of responsibility between various management positions provides a mechanism for checks and balances between senior executives. This has been incorporated in the standard operating procedures and reviewed regularly.

Executive management is required to bring to the attention and consideration of the Board any transactions to provide loans or make investment in businesses in which the Bank's major shareholders, directors or senior executives as well as parties related to them have beneficial interests. In addition, any sales, giving, lease, purchase or rent of assets concerning the Bank's major shareholders, directors or senior executives as well as parties related to them have to comply with the policies and procedures in place.

In addition, the Bank has established Compliance unit to provide oversight and support to ensure that the Bank conducts its businesses in compliance with all applicable laws and regulatory requirements. Corporate Assurance has also been established as an independent unit to examine and ensure all Bank activities are effectively and efficiently managed and operated in line with the good risk management and internal control principles.

- **Information and communication infrastructure**

The Bank has established its accounting policies and procedures in line with generally accepted accounting principles that support the Bank's business requirements. It has developed and managed its information and database systems consistently so that significant information is accessible on an adequate and timely basis. The document management system provides an effective tool for retrieving and storing important electronic documents appropriately and safely. The policies and procedures have been communicated to relevant staff at all levels.

- **Follow-up and monitoring system**

The Bank has put in place processes for monitoring and reviewing the implementation of activities against its strategic objectives, policies, procedures, relevant laws, regulations, and internal control systems. An annual business plan is prepared and periodically reviewed to ensure its effectiveness in a rapidly changing environment. The Audit Committee is committed to ensuring that concrete actions are taken to execute recommendations and regularly monitoring resolutions to ensure that any identified issues are brought to satisfactory conclusion.

Qualifications of Internal Audit Head and Compliance Head are as in Attachment 3.

12. Related Party Transactions

As of 31 December 2019, the Bank recorded significant business transactions with its subsidiary and affiliated companies (related by way of having common shareholders), including related persons (directors or executives from the level of heads of work units upwards). These transactions were concluded on commercial terms and based on mutually agreed upon criteria in the ordinary course of business between the Bank and such persons or entities. Details are as disclosed in the Notes to Financial Statements item 43 of Financial Statements for the year ended 31 December 2019.

- Connected transactions with persons who may have conflicts of interest as follows:

Name and Relationship	Transaction Characteristics and Value	Necessity and Reasonableness with Audit Committee's Opinion																																							
CIMB Bank Berhad (CIMB Bank), the major shareholder of the Bank holding 94.83% of the Bank's total issued and paid-up shares	<p>The Bank has outsourced the validation of IFRS9 models to CIMB Bank. The charge-out rate is based mainly on average salary rate, time spent and indirect cost, together with 10% markup. The total cost per model is MYR 22,563, with details as tabulated below.</p> <table border="1"> <thead> <tr> <th>Description</th><th>Unit</th><th>Amount</th></tr> </thead> <tbody> <tr> <td>Average salary per pax (rough estimation)</td><td>MYR</td><td>9,000</td></tr> <tr> <td>Number of IFRS9 models expected during 2018-2019</td><td></td><td>20</td></tr> <tr> <td>Number of working days required per model</td><td>Days</td><td>45 (equivalent to 2 months)</td></tr> <tr> <td>Total direct cost per model</td><td>MYR</td><td>18,000</td></tr> <tr> <td>Total model direct costs (20 x 18,000 MYR)</td><td>MYR</td><td>360,000</td></tr> <tr> <td>Indirect cost (for 20 models)</td><td>MYR</td><td>50,250</td></tr> <tr> <td>Total direct and indirect cost</td><td>MYR</td><td>410,250</td></tr> <tr> <td>Markup (10%)</td><td>MYR</td><td>41,025</td></tr> <tr> <td>Total after markup per model</td><td>MYR</td><td>451,275</td></tr> <tr> <td>Total cost per model</td><td>MYR</td><td>22,563</td></tr> <tr> <td>Exchange rate</td><td></td><td>8</td></tr> <tr> <td>Equivalent to THB</td><td>THB</td><td>180,504</td></tr> </tbody> </table> <p>This transaction is considered the Bank's normal business support.</p>	Description	Unit	Amount	Average salary per pax (rough estimation)	MYR	9,000	Number of IFRS9 models expected during 2018-2019		20	Number of working days required per model	Days	45 (equivalent to 2 months)	Total direct cost per model	MYR	18,000	Total model direct costs (20 x 18,000 MYR)	MYR	360,000	Indirect cost (for 20 models)	MYR	50,250	Total direct and indirect cost	MYR	410,250	Markup (10%)	MYR	41,025	Total after markup per model	MYR	451,275	Total cost per model	MYR	22,563	Exchange rate		8	Equivalent to THB	THB	180,504	The Board of Directors' meeting no. 2/2019, held on 22 February 2019 (excluding CIMB Bank's representative directors who had conflict of interest, hence abstaining from participating in the consideration and voting on this matter), deemed it proper to approve the transaction since it was the Bank's normal business support.
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Total direct and indirect cost	MYR	410,250																																							
Markup (10%)	MYR	41,025																																							
Total after markup per model	MYR	451,275																																							
Total cost per model	MYR	22,563																																							
Exchange rate		8																																							
Equivalent to THB	THB	180,504																																							
Sathorn Asset Management Co., Ltd. (STAMC), a subsidiary of CIMB Group which is the indirect major shareholder of the Bank	<p>The Bank has renewed the service agreement for its insourcing service to STAMC for another year, effective from 1 January 2019 to 31 December 2019. The service fee remains unchanged from 2018, with details as follows:</p> <table border="1"> <thead> <tr> <th>Service to STAMC</th><th>Monthly charge rate (THB)</th><th>Remark</th></tr> </thead> <tbody> <tr> <td>1. Email service</td><td>325.00</td><td>Charge per user per month</td></tr> <tr> <td>2. Internet service</td><td>192.00</td><td>Charge per user per month</td></tr> <tr> <td>3. CCDS + Doc image, CUS</td><td>648.00</td><td>Charge per user per month</td></tr> <tr> <td>4. 1Platform system</td><td></td><td></td></tr> <tr> <td>4.1 User fee</td><td>2,852.00</td><td>Charge per user per month</td></tr> <tr> <td>4.2 Account fee</td><td>1.58</td><td>Charge per account per month</td></tr> <tr> <td>4.3 New account opening charging by CIMB Group</td><td>Pay as actually incurred</td><td></td></tr> <tr> <td>5. Report on demand</td><td>.44600</td><td>Charge per account per month</td></tr> <tr> <td>6. GSAM system</td><td>9,255.00</td><td>Charge per month</td></tr> </tbody> </table> <p>This transaction is considered the Bank's normal business support.</p>	Service to STAMC	Monthly charge rate (THB)	Remark	1. Email service	325.00	Charge per user per month	2. Internet service	192.00	Charge per user per month	3. CCDS + Doc image, CUS	648.00	Charge per user per month	4. 1Platform system			4.1 User fee	2,852.00	Charge per user per month	4.2 Account fee	1.58	Charge per account per month	4.3 New account opening charging by CIMB Group	Pay as actually incurred		5. Report on demand	.44600	Charge per account per month	6. GSAM system	9,255.00	Charge per month	The Board of Directors' meeting no. 3/2019, held on 22 March 2019 (excluding CIMB Bank's representative directors who had conflict of interest, hence abstaining from participating in the consideration and voting on this matter), deemed it proper to approve the transaction since it was the Bank's normal business support.									
Service to STAMC	Monthly charge rate (THB)	Remark																																							
1. Email service	325.00	Charge per user per month																																							
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Name and Relationship	Transaction Characteristics and Value	Necessity and Reasonableness with Audit Committee's Opinion																												
Sathorn Asset Management Co., Ltd. (STAMC), a subsidiary of CIMB Group which is the indirect major shareholder of the Bank	<p>The Bank has amended the 5th Addendum of the Master Servicing Agreement, under which the Bank engaged STAMC to provide legal services, with details as follows:</p> <ul style="list-style-type: none">• Increase in the professional and lump sum service fees on six existing legal services. The new fees are in line with the market rates.• Addition of 15 legal services.• Having withholding tax absorbed by STAMC, effective from 1 January 2019 onwards. <p>This transaction is considered the Bank's normal business support.</p>	The Board of Directors' meeting no. 3/2019, held on 22 March 2019 (excluding CIMB Bank's representative directors who had conflict of interest, hence abstaining from participating in the consideration and voting on this matter), deemed it proper to approve the transaction since it was the Bank's normal business support and brought benefits to the Bank.																												
CIMB Group, the indirect major shareholder of the Bank	<p>The Bank has implemented the wealth management system for its Private Banking operation under the FF10830 ENABLER project.</p> <p>CIMB Group has entered into a contract with the vendors and will pay for software and annual fees to the vendors. The system will be implemented in CIMB Malaysia and the Bank will then be charged back by CIMB Group.</p> <p>The Bank's Private Banking has to enhance its system to support AVALOQ. Details of the service charge will further be discussed between the Bank's Private Banking and CIMB Group.</p> <p>This transaction is considered the Bank's normal business support.</p>	The Board of Directors' meeting no. 4/2019, held on 18 April 2019 (excluding CIMB Bank's representative directors who had conflict of interest, hence abstaining from participating in the consideration and voting on this matter), deemed it proper to approve the transaction since it was the Bank's normal business support and brought benefits to the Bank.																												
iCIMB (MSC) Sendirian Berhad, a subsidiary having CIMB Group as the major shareholder	<p>The Bank has outsourced the chats surveillance process to iCIMB (MSC) Sendirian Berhad. The estimated charge per year is as follows:</p> <table><tr><th></th><th colspan="4">Estimated charge out (MYR per year)</th></tr><tr><th>Staff level</th><th>Junior</th><th>Middle</th><th>Senior</th><th>Total</th></tr><tr><td>Number of staff</td><td>1</td><td>1</td><td>1</td><td rowspan="4"></td></tr><tr><td>Estimated time spent</td><td>25%</td><td>10%</td><td>10%</td></tr><tr><td>Cost per man-day (MYR) as provided by Group Finance</td><td>511</td><td>965</td><td>2,114</td></tr><tr><td>Cost per year (MYR) (22 man-days per month x 12 months)</td><td>33,726</td><td>25,476</td><td>55,810</td><td><u>115,012</u></td></tr></table> <p>This transaction is considered the Bank's normal business support.</p>		Estimated charge out (MYR per year)				Staff level	Junior	Middle	Senior	Total	Number of staff	1	1	1		Estimated time spent	25%	10%	10%	Cost per man-day (MYR) as provided by Group Finance	511	965	2,114	Cost per year (MYR) (22 man-days per month x 12 months)	33,726	25,476	55,810	<u>115,012</u>	The Board of Directors' meeting no. 5/2019, held on 23 May 2019 (excluding CIMB Bank's representative directors who had conflict of interest, hence abstaining from participating in the consideration and voting on this matter), deemed it proper to approve the transaction since it was the Bank's normal business support and brought benefits to the Bank.
	Estimated charge out (MYR per year)																													
Staff level	Junior	Middle	Senior	Total																										
Number of staff	1	1	1																											
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Name and Relationship	Transaction Characteristics and Value	Necessity and Reasonableness with Audit Committee's Opinion
CGS-CIMB Securities (Thailand) Co., Ltd. (CGSCT), a subsidiary having CIMB Group as the major shareholder	<p>The Bank has amended the service agreement between the Bank and CGSCT by changing the base fee calculation to be based on product type:</p> <p><u>from:</u> 0.25% of the notional amount of products (for all product types)</p> <p><u>to:</u> 0.05% of the notional amount of Bull ELN and Bull-P ELN</p> <p>0.25% of the notional amount of other types of products, effective from 1 April 2019.</p> <p>There is no change in the calculation of advisory fee. As long as equity derivative business (EDB) has grown cumulative profit before tax (PBT), the Bank would receive the advisory fee of 50% of cumulative PBT. If loss is incurred, which would lead to lower cumulative PBT, the Bank would receive fee in a lower amount.</p> <p>This transaction is considered the Bank's normal business support.</p>	The Board of Directors' meeting no. 6/2019, held on 28 June 2019 (excluding CIMB Bank's representative directors who had conflict of interest, hence abstaining from participating in the consideration and voting on this matter), deemed it proper to approve the transaction since it was the Bank's normal business support and brought benefits to the Bank.
CIMB Group, the indirect major shareholder of the Bank	<p>The Bank has revised the payback for Murex system outsourcing to CIMB Group, by increasing the daily IT support and service maintenance (ITO) charges due to the increasing cost and headcount to support the system.</p> <p>As a result, the relevant fees have been changed as follows:</p> <ul style="list-style-type: none"> - Increase in ITO charges by MYR 47,194, from MYR 406,020 to MYR 453,214. - CIMB Malaysia would charge MYR 125,660 for sharing the MUREX core license. - CIMB Malaysia would no longer charge MYR 100,598 for the Oracle database usage. <p>This transaction is considered the Bank's normal business support</p>	The Board of Directors' meeting no. 8/2019, held on 28 August 2019 (excluding CIMB Bank's representative directors who had conflict of interest, hence abstaining from participating in the consideration and voting on this matter), deemed it proper to approve the transaction since it was the Bank's normal business support and brought benefits to the Bank.
CGS-CIMB Securities (Thailand) Co., Ltd. (CGSCT), a subsidiary having CIMB Group as the major shareholder	<p>The Bank has allowed CGSCT to appoint a third party distributor, namely Philips Securities (Thailand) Plc., to sell CGSCT's equity-linked notes (ELN) under the service agreement executed by the Bank and CGSCT on 7 June 2018.</p> <p>Under the agreement, the Bank will provide advice and support for CGSCT on matters relating to issuance, sales, marketing, trading and risk management of derivative warrants (DW), equity-linked notes (ELN) and equity swaps. Such product management advisory activities will cover product documentation and submission, issuance and distribution of subordinated debentures. Meanwhile, CGSCT will assist the Bank as regards the EDB from a business management perspective with necessary support for operation, legal, compliance, risk monitoring, IT and funding requirements.</p> <p>Such third-party appointment allowed by the Bank was believed to be beneficial to the Bank's business as a part of a strategy to grow revenue with higher fee to be received from CGSCT's EDB according to the service agreement.</p> <p>This transaction is considered the Bank's normal business support.</p>	The Board of Directors' meeting no. 8/2019, held on 28 August 2019 (excluding CIMB Bank's representative directors who had conflict of interest, hence abstaining from participating in the consideration and voting on this matter), deemed it proper to approve the transaction since it was the Bank's normal business support and brought benefits to the Bank.

Name and Relationship	Transaction Characteristics and Value	Necessity and Reasonableness with Audit Committee's Opinion																					
CIMB Bank Berhad (CIMB Bank), the major shareholder of the Bank holding 94.83% of the Bank's total issued and paid-up shares	<p>The Bank has outsourced the IFRS9 model development of the Bank and subsidiaries to CIMB Bank, covering new model development, remediation for models failing annual validation or change request on existing models configuration in model implementation platform, as well as ongoing support or fixing of existing models.</p> <p>The charge out rate is mainly based on average salary rate, time spent and indirect cost, together with 10% markup (on an arm's length basis). The 10% markup is calculated from a median rate of 5-year historical data of consultancy service industry surveyed by CIMB Group and discussed with PwC Malaysia. Total estimated cost of new model development is THB 340,000 per model.</p> <p>This transaction is considered the Bank's normal business support.</p>	The Board of Directors' meeting no. 8/2019, held on 28 August 2019 (excluding CIMB Bank's representative directors who had conflict of interest, hence abstaining from participating in the consideration and voting on this matter), deemed it proper to approve the transaction since it was the Bank's normal business support and brought benefits to the Bank.																					
Mr. Kittiphun Anutarasoti, former President and CEO, as the Bank's senior executive	The Bank has sold the position car (BMW730 LD M Sport, car plate no. 2 KorNor-9100) of Mr. Kittiphun Anutarasoti, the Bank's former President and CEO, as requested by him, at THB 3,000,000 (VAT included). This car's net book value as of 30 September 2019 was THB 2,447,166.59.	The Board of Directors' meeting no. 10/2019, held on 31 October 2019 (excluding CIMB Bank's representative directors who had conflict of interest, hence abstaining from participating in the consideration and voting on this matter), deemed it proper to approve the sale of Mr. Kittiphun's position car to him at THB 3,000,000 (VAT included), which is the average of prices quoted by five buyers in the range of THB 2,850,000 and THB 3,150,000 (VAT included). The price is deemed reasonable by the Bank's Procurement Administration and Property Management (PAM) as it exceeds the net book value of the car as of 30 September 2019 of THB 2,447,166.59.																					
CIMB Group, the indirect major shareholder of the Bank	<p>The Bank has used an IT outsourcing service from CIMB Group for intranet system, i.e. Sync-Up, with payment to CIMB Group as follows:</p> <table><tr><th>MYR</th><th>Year 1</th><th>Year 2</th><th>Year 3</th><th>Year 4</th><th>Year 5</th><th>Total</th></tr><tr><td>ITO fee</td><td>188,860.70</td><td>188,860.70</td><td>188,860.70</td><td>188,860.70</td><td>188,860.70</td><td>944,303.50</td></tr><tr><td>Utilisation fee</td><td>10,265.04</td><td>10,265.04</td><td>10,265.04</td><td>10,265.04</td><td>10,265.04</td><td>51,325.20</td></tr></table>	MYR	Year 1	Year 2	Year 3	Year 4	Year 5	Total	ITO fee	188,860.70	188,860.70	188,860.70	188,860.70	188,860.70	944,303.50	Utilisation fee	10,265.04	10,265.04	10,265.04	10,265.04	10,265.04	51,325.20	The Board of Directors' meeting no. 11/2019, held on 21 November 2019 (excluding CIMB Bank's representative directors who had conflict of interest, hence abstaining from
MYR	Year 1	Year 2	Year 3	Year 4	Year 5	Total																	
ITO fee	188,860.70	188,860.70	188,860.70	188,860.70	188,860.70	944,303.50																	
Utilisation fee	10,265.04	10,265.04	10,265.04	10,265.04	10,265.04	51,325.20																	

Name and Relationship	Transaction Characteristics and Value							Necessity and Reasonableness with Audit Committee's Opinion														
	Total payable	199,125.74	199,125.74	199,125.74	199,125.74	199,125.74	995,628.70	participating in the consideration and voting on this matter), deemed it proper to approve the transaction since it is considered as a normal business support transaction which brings benefit to the Bank.														
	*The chargeback for ITO support cost shall start after Sync-Up goes live. - The total project cost for CIMB Group's implementation for five years is MYR 7,158,169.03 (hardware, software and application support). - The cost allocated to the Bank is based on the percentage of number of employees. As recorded in October 2018, the Bank had 3,410 staff members, which is 12.38% of all Group employees. All costs incurred by CIMB Bank shall be shared out to CIMB Thai at 14.18%. If there is any specific requirement by the Bank, the charge shall be 100% of the relevant cost. - The utilisation fee is calculated based on the monthly rate charge and subject to a yearly review with any change as mutually agreed upon. - No interest charge or placement of any collateral involved in this project. - The chargeback cost is exclusive of taxes (withholding tax and VAT). - Arm's length transfer pricing markup of 8% is included in the ITO fee. This transaction is considered the Bank's normal business support.																					
CIMB Group, the indirect major shareholder of the Bank	The Bank has outsourced IT system development for IFRS9 implementation to CIMB Group. Payment to CIMB Group for the outsourced service is based on the system development cost and other supporting service charges allocated to CIMB Thai and subsidiaries at 8.19%. The allocation was calculated based on an average number of loan accounts from January to September 2019, i.e. 526,111 accounts. This allocation is subject to a yearly review. The proposed payment is as scheduled below: <table><tr><td>MYR</td><td>Y2020</td><td>Y2021</td><td>Y2022</td><td>Y2023</td><td>Y2024</td><td>Total</td></tr><tr><td>ITO fee*</td><td>1,710,705</td><td>1,710,705</td><td>1,710,705</td><td>1,710,705</td><td>1,710,705</td><td>8,553,524</td></tr></table> Note: *ITO fees already include 8% arm's length markup but do not include 7% VAT and 15% withholding tax. This transaction is considered the Bank's normal business support.							MYR	Y2020	Y2021	Y2022	Y2023	Y2024	Total	ITO fee*	1,710,705	1,710,705	1,710,705	1,710,705	1,710,705	8,553,524	The Board of Directors' meeting no. 12/2019, held on 18 December 2019 (excluding CIMB Bank's representative directors who had conflict of interest, hence abstaining from participating in the consideration and voting on this matter), deemed it proper to approve the transaction since it is considered as a normal business support transaction which brings benefit to the Bank.
MYR	Y2020	Y2021	Y2022	Y2023	Y2024	Total																
ITO fee*	1,710,705	1,710,705	1,710,705	1,710,705	1,710,705	8,553,524																

- Loans, Deposits and Contingent Liabilities

a. Loans, contingent liabilities and deposits associated with businesses in which the Bank and its subsidiary companies, or directors or executives from the level of executive vice president upwards, hold 10% or more of their paid-up capital were as follows:

Company name	As at 31 December 2019								Share holding (%)	Common management
	Obligations	Outstanding loans	Interbank and money market items (assets)	Other assets	Deposits	Interbank and money market items (liabilities)	Borrowings	Other liabilities		
Parent company										
CIMB Bank Berhad	-	-	461	7	-	212	9,037	68	94.83	Ms. Serena Tan Mei Shwen
Interest rate swap contracts										
- Fixed rate	33,865	-	-	-	-	-	-	-		
- Floating rate	44,295	-	-	-	-	-	-	-		
Forward and spot contracts										
- Bought	14,661	-	-	-	-	-	-	-		
- Sold	95	-	-	-	-	-	-	-		
Cross currency and interest rate swap contracts										
- Bought	11,694	-	-	-	-	-	-	-		
- Sold	437	-	-	-	-	-	-	-		
Commodity										
- Bought	45	-	-	-	-	-	-	-		
- Sold	41	-	-	-	-	-	-	-		
Fund option										
-Bought	53	-	-	-	-	-	-	-		
Credit derivatives										
- Sold	6,293	-	-	-	-	-	-	-		
Subsidiary companies										
CIMB Thai Auto Co., Ltd.	2,150	30,291	-	1	24	-	-	8	99.99	Mr. Tan Keat Jin Ms. Sasima Thongsamak Mr. Goh Therd Seng Ms. Piyawan Thianpharanon

Company name	As at 31 December 2019								Share holding (%)	Common management
	Obligations	Outstanding loans	Interbank and money market items (assets)	Other assets	Deposits	Interbank and money market items (liabilities)	Borrowings	Other liabilities		
CT COLL Co., Ltd.	-	-	-	-	63	-	-	-	99.99	Mr. Adisorn Sermchaiwong Ms. Sasima Thongsamak Ms. Onanong Udomkantong Mr. Goh Therd Seng
WorldLease Co., Ltd.	-	3,775	-	1	10	-	-	-	99.99	Ms. Onanong Udomkantong Ms. Penporn Kumpusiri Mr. Natthavud Vajeenuraksakulchai Mr. Montri Puangpool
Companies under common control										
CIMB Bank Plc., Cambodia	141	-	-	-	-	52	-	-		
CIMB ISLAMIC Bank Berhad	-	-	-	-	-	94	-	-		
PT Bank CIMB Niaga TBK	-	-	-	1	-	4	-	-		
CGS-CIMB Securities (Thailand) Co., Ltd.	-	-	-	-	1,271	-	-	-		Mr. Sutee Losoponkul
Forward and spot contracts										
- Bought	3	-	-	-	-	-	-	-		
- Sold	10	-	-	-	-	-	-	-		
ICIMB (MSC) Sdn Bhd Computer system and software development agreement	1	-	-	-	-	-	-	-		
Principal Asset Management Co., Ltd.	-	-	-	27	639	-	-	-		Mr. Jason Leong Kok Yew

Company name	As at 31 December 2019								Share holding (%)	Common management
	Obligations	Outstanding loans	Interbank and money market items (assets)	Other assets	Deposits	Interbank and money market items (liabilities)	Borrowings	Other liabilities		
Sathorn Asset Management Co., Ltd.	-	-	-	1	159	-	-	10		Mr. Goh Therd Seng
Other related parties	876*	216*	-	-	538*	-	-	1		

* In September 2019, an independent director of the Bank was engaged as Management of a related company.

b. The Bank has no such person who may have potential conflicts of interest and holding more than 5% of voting shares in any of the Bank's subsidiaries or associated companies.

- Justification of related party transactions

Loans and contingent liabilities associated with directors or executives from the level of executive vice president or the equivalent upwards are subject to interest charges under the Bank's employee benefits scheme. Loans, contingent liabilities and deposits associated with businesses in which the Bank or its subsidiary companies, or directors or executive officers from the level of executive vice president or the equivalent upwards, hold 10% or more of their paid-up capital were partially those transferred to the Bank under the merger process or those having undergone debt restructuring. These loans which also include some new loans have been concluded on commercial terms agreed upon in the ordinary course of business between the Bank and the parties concerned, and are subject to market interest rates.

- Procedures for approving related party transactions and safeguarding shareholders' interests

According to the Bank's Articles of Association, all related party transactions are subject to a formal approval process in accordance with the relevant policies and procedures of the Bank including the analysis and approval of the relevant committees, Audit Committee and Board of Directors. Executives or directors with beneficial interests in any transaction are not allowed to take part in the decision-making process.

- Related party transaction trends

Related party transactions are those relating to the Bank's general business functions and are subject to the formal approval process and practice in place and in compliance with the criteria of the relevant regulatory bodies. There is a probability that related party transactions will continue to be part of the Bank's business operation, and will be governed by the clearly defined review and approval procedure and practice.